The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japan's War on Foreign Business Creates Most Serious Crisis

ARTICLES IN THIS ISSUE

"Christian" Hotel Converted Into Den of Intrigue

Japanese Give Chinese Troops "Surrender" Tickets

Hull and Stimson Collaborating on Foreign Policy

Foreign Business Faces Greatest Danger in Century of Commercial Activity in China

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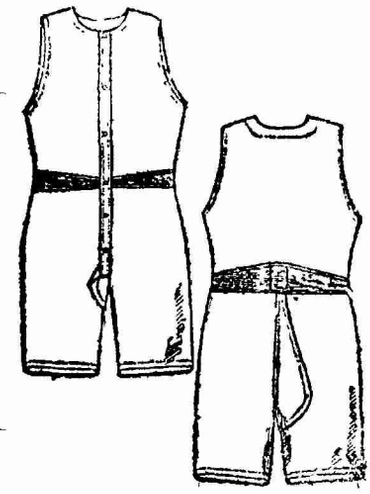

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The China Weekly REVIEW

Formerly Millard's Review

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"CHRISTIAN" HOTEL CONVERTED INTO DEN OF INTRIGUE

THE New Asia Hotel, located on North Szechuen Road, only a short distance beyond the bridge across Soochow Creek and directly across Tiendong Road from the Central Post Office, has been diverted to strange usage, so strange as to verge on the occult, if one would believe all the stories told about the hostelry.

To begin at the beginning, the New Asia was built about five years ago by a group of Chinese in Hongkong and Straits Settlements who announced that it would be operated in strict according with Christian principles—in marked contrast to some other hotels in the city which catered to "the flesh and the devil." New Asia had a "Gideon" Bible in every room, supplied by an organization of Christians in America by that name. Opium smoking was prohibited and in general the institution was operated morally.

It was the first "strictly modern" Chinese hotel in the city, with baths attached to all rooms, modern plumbing throughout, Simmons beds, sanitary kitchen equipment, etc. The building, furnishings and land probably cost well over a half million dollars.

When the war came on and the Japanese Army seized the Hongkew area the Special Service Section of the Army grabbed the New Asia and established its headquarters there. For a time the management was turned over to a foreigners but it is now operated entirely by Japanese.

The New Asia Hotel serves as headquarters for some 30 different "puppet" organizations which receive the protection of the Special Service Section of the Imperial Army. According to cautious articles in the Chinese newspapers, the New Asia is a hotbed of traitorous activity, housing all manner of organizations which the Japanese warlords are using for breaking down Chinese resistence or misleading or confusing the public as to what is really going on. The names of some of the organizations (Ta Mei Wan Pao, May 23) give some idea as to their character and purpose:

Tung Fang Min Tsu Hsieh Hui (Oriental Nations Association
Ya Hsi Ya Tang Meng Yui (Asiatic League)
Ta Tao Hui (Great-Way Association)
Kung Chiao Hui (Religious Association of Confucius)
Shanghai Yieh Lien Ho Hui (Joint Association of Sino-Japanese Trade Unions)
Ta Chiao Hui (Taoist Association)
Chien Tsu Yuen Tang Hui (Association for Forcing Reduction of House Rents)
Hsin Ya Hui (Asiatic Revival Association)
Tsung Kung Hui (Labor Federation)
Shinko Club (Promotion of Research and Sino-Japanese Amity)
Hsin-Hsin Club (New Economic Revival Society)
Enlarged Chinese Chamber of Commerce To replace Legitimate Chamber)
Ta Min Hui (Great People's Association to Organize Yellow Races)

Leaders of these organizations, Chinese racketeers as well as Japanese, are all on the payroll of the Special Service Section of the Army. Chinese puppets never leave the hotel except when accompanied by Japanese soldiers. Secret agents of the organizations are sent into the International Settlement and French Concession to solicit members. They are plentifully supplied with funds and their main purpose is to invite the prospect to the New Asia for a feast and "party." Many are the stories in circulation about nightly orgies at the New Asia—originally designed for the purpose of uplifting the standards of the hotel business in China!

JAPANESE GIVE CHINESE TROOPS "SURRENDER" TICKETS

Japanese airplanes showered the Chinese troops in the Hsuchow district with thousands of "surrender" tickets, or passes, similar to the illustration shown herewith. The top part shows the old five-barred Chinese flag and the Japanese flag in juxtaposition. The text in Chinese characters explained that the card is a "Surrender Ticket;" that all Chinese soldiers should carry the ticket in their pockets; and that all Chinese soldiers carrying these tickets would not be treated as enemies but as friends by the Japanese Army. A report in the *Osaka Mainichi* (May 18) alleged that the Chinese commanders had forbidden soldiers to pick up the "tickets"

But something must have gone wrong—either the Chinese soldiers failed to preserve the tickets, or the Japanese Army failed to observe its promise as printed on the tickets, because the Army spokesman on May 25 announced that 200,000 Chinese had been killed in the Hsuchow battle. A short time previously the Army spokesman had announced that more than 100,000 Chinese soldiers had been surrounded. However, the same spokesman also had announced that all of the Chinese troops, "excepting 30,000" had escaped through the Japanese cordon.

HULL AND STIMSON COLLABORATING ON FOREIGN POLICY

A Japanese report from Washington on May 17, published in the Tokyo papers, expressed apprehension at what was termed, "increased signs of collaboration" between Secretary of State Cordell Hull and Col. Henry L. Stimson, former occupation of the office in the Hoover administration. Latest evidence, according to the Japanese report was Secretary Hull's appointment of Stimson as American representative on the panel of mediators under the Pan-American arbitration treaty. It was also stated that Col. Stimson frequently calls at the State Department to confer with Secretary Hull. It was recalled further that Stimson had supported Mr. Hull's stand on various issues, including the neutrality law and opposition to the proposed amendment for a referendum on war. The Japanese suspected a bargain between the two men whereby Secretary Hull would continue to uphold Stimson's doctrine of non-recognition of conquests by force. Of further interest in this connection was a statement by Sumner Welles, Under Secretary of State, to the effect that non-interference in the internal affairs of other countries, "was the key to a sane international life."

But democratic nations cannot be pushed too far, in the opinion of the U.S. Secretary of War, Harry Hines Woodring, who declared in the course of a speech, "I warn Germany, Japan and Italy that if dictatorships push the democratic nations too far, the result will be war . . . . The Japanese occupation of Manchuria without effective opposition from democratic powers had started a chain of events such as German rearmament and occupation of the Rhineland, the Abyssinian and Spanish wars and the Japanese invasion of China."

⁂

Aside from the passage of the U.S.$1,156,546,000 naval expansion bill, which provides for a 20 percent increase in America's naval building program, there was interest in a report from Washington referring to testimony given by Paul V. McNutt, High Commissioner to the Philippines, before the House committee on military appropriations. The High Commissioner, in his testimony, said that the United States should maintain its forces intact in the Philippines, including the Philippine Scouts. The Tydings-McDuffie Act, providing for Philippine independence, which was passed in 1934, provided for the abandonment of 8 military bases in the Islands which are now manned by American forces numbering 553 officers, 51 warrant officers and 4,064 men, constituting a part of the regular U. S. Army.

In addition to the American forces, the U. S. Army also maintains in the Islands 62 officers and 6,398 enlisted men of the Philippine Scouts, native soldiers, who are a part of the American Army and receive their pay from Washington.

There are also two Naval bases in the Philippines, Olongapo, 50 miles north of Manila, and Cavite, on Manila Bay, which are manned by about 200 Navy men.

According to a report from San Francisco published in the *Japan Advertiser* on May 11, the recent special mobilization conference held on the Pacific Coast had disclosed that a force of 9,000,000 men could be mobilized on the Pacific Coast without wrecking the industrial and agricultural equilibrium of the United States. The mobilization conference included regular army, marine and reserve officers, national guard and naval officers from seven Western states. The conference was attended by General Staff Officers from Washington.

Foreign Business Faces Greatest Danger in Century of Commercial Activity in China

IT took the Japanese Army exactly nine months to destroy the economic structure erected in China by four generations of foreign traders, industrialists and financiers.

When hostilities broke out in Central China, foreign investments in this country were estimated roughly at U.S.$3,500,000,000. Of this immense amount, about a fourth has already been irrevocably lost,—the cost of Nippon-made war to the businessmen of neutral Powers.

American losses up to April have been estimated by an authoritative organ in the United States at U.S.$150,000,000. British losses, direct and otherwise, could safely be put at double that amount. Equally impressive have been the losses of German enterprises, apparently sacrificed by Reichsfuehrer Hitler on the altar of Tokyo-Berlin undying love.

Yet, despite these truly staggering losses, in four cases out of five *deliberately caused by the Japanese Fighting Services*, Foreign Businessman in China has not yet realized the vicious nature and the wide scope of the anti-foreign war now being waged in this country by Japan.

He watches newspaper columns with consternation and amazement for the latest incident involving a mill, a ship or a trader. But each of these reports is taken by him separately, without its proper relation to the other pieces in the crazy jigsaw puzzle of the Japanese plan for an undisputed hegemony over Asia.

No true picture of the audacity and scope of the Japanese scheme to destroy foreign interests in China and to clamp an iron-bound control over the country's political and economic life can, however, be obtained until every minor incident is placed in a correct juxtaposition to every other of the innumerable minor incidents cluttering the pages of the daily press.

Japan's goal is to root foreign business out of the fertile Chinese soil and to replace it with her own enterprises. Foreign interests will be allowed to operate in this country,—on the payment of a tribute to Japan,—only when they produce a commodity for which the Japanese have not yet found a substitute.

This, as any other generalization, is a dangerous one. In a subsequent article we shall present detailed data proving this generalization to be correct. We shall indicate the losses caused to foreign business by the Japanese Fighting Services, the methods used to hinder foreign trade and industry, and the course likely to be followed by Japan in her undeclared war on the interests of third Powers.

***

What is happening in the Orient today cannot be understood without a brief glimpse behind the screen hiding the Japanese political, economic and social structure from an alien eye.

Japan's destinies are guided by an oligarchy of Army officers and Big Businessmen. It is these men who decide whether the nation is to be at peace or war. It is they who decide whether Japan is to seek amity with the world without or get what she wants by force. It is, finally, they who send millions of their unhappy co-nationals goose-stepping to battlefields or work.

The Army went to war in July, 1937, because of the following three factors:

1. Desire to provide a safety valve for the intense internal unrest, born of economic ills.
2. Intention to utilize North China as a base in Japan's anticipated clash with Soviet Russia, and
3. Wish to procure plentiful and cheap supplies of raw materials for Japan's hungry foundries, chemical plants and textile mills.

The Army, however, could not wage war without the consent of its moneyed allies. Had Japan's Big Business desired to prevent hostilities in China, it could have probably done so by refusing to supply the war machine with the required funds. It had not done so.

Instead, Japan's "Robber Barons" gambled. They agreed to a grandiose movement of capital from productive (e.g. textiles) to non-productive

JAPAN'S WAR ON FOREIGN BUSINESS

Japanese is waging a determined onslaught upon foreign interests in this country. Losses roughly estimated at U.S.$800,000,000 have already been sustained by foreign interests in China.

This week and next, the China Weekly Review presents a detailed study of the methods employed by the Japanese Fighting Services to root foreign interests out of China, the extent of the foreign losses, and future prospects for foreign businessmen.

Most of the data presented in these two articles has been secured from Japanese sources, which have no reason to conceal their hopes, plans and aspirations. The remainder comes from non-Chinese sources, having no axes to grind but deeply interested in the preservation of foreign interests and legitimate commercial rights in this country.

An extensive circulation of this information in Britain and the United States, will, we believe, lead to the adoption of determined measures to protect what is left of foreign investments and commercial rights, accumulated by four generations of traders and industrialists in this country.

(munitions) industries. They accepted draconic restrictions on importation of raw materials needed by the export industry, in order to save money for the purchase of coal, copper, steel and iron required for the manufacture of guns and ammunition. They permitted the passage of legislation empowering the Army-controlled Government to regiment the nation's human and material resources.

In exchange for these concessions, the "Robber Barons" received enormous war contracts. They also extracted from the Army a promise of all Chinese industrial property in the occupied area and of assistance in stamping out foreign rights and interests in China.

Both parties have thus far faithfully kept their pledges. Big Business supplied funds for the conduct of war and for the munitions industry. The Army confiscated Chinese property and transferred it to the management of major Japanese industrial concerns. It has also done its utmost to make normal business activity on the part of foreign nationals in China impossible.

While pious declarations of continued respect for the Open Door policy are being issued daily in Tokyo, Peiping and Shanghai by Japanese diplomats and generals and their new Chinese friends, a vigorous campaign is being waged here to hinder business operations of foreign concerns.

***

The task of obstruction has been entrusted to the S.S.S.,—the dreaded Special Service Section of the Japanese Army,—whose normal activity as an espionage organization has been extended into the fields of "Government"—making and economics.

Devices employed by the S.S.S. to hinder and harm foreign business are innumerable. Some,—such, for instance, as legalized smuggling and pro-Japanese legislation by puppet administrations,—date back to the days of the Manchurian and North China interludes. Others are new. These include the non-issuance of passes for inland navigation and closure of the interior to entry by foreign nationals and goods.

On the other hand, unhindered by the thousand and one restrictions clamped on foreigners, the Japanese are rapidly taking over foreign businesses, agents and markets,—usually without a whisper of protest from the Government concerned.

Japan's ardently avowed solicitude for the safety of foreign nationals and their property has become a fearful weapon in Japanese hands. Under its charitable disguise, the S.S.S. and their economic allies have successfully kept foreign merchantmen from the Yangtsze, foreign traders from such major trading centers as Nanking, and foreign concerns from sending their cargo into the interior.

Take the case of Nanking. The extensive foreign property in that city has been freely plundered by hands more or less definitely known. A score of important concerns have been compelled to shut their doors. Reputable foreigners desiring to go to the former Capital to ascertain their losses or to revive their businesses are not allowed to leave Shanghai.

At the same time, Japanese civilians,—even women and children,—have open access to Nanking,—to live, trade or visit. Trains leave here daily for Nanking with scores of Japanese civilian passengers. Motorcars and ships carry scores of others. According to a Japanese report, the Japanese community in Nanking has reached a record number, while Chungshan Road, with its Nipponese department stores and cafes, resembles Tokyo's Ginza.

Foreign traders desiring to do business in Nanking must pay a tribute to Japanese middlemen, who often do not hesitate to use the facilities put at their disposal by their foreign employers to further the sales of Nippon-made commodities.

Foreign businessmen today are confined to four cities between the Whangpoo and the Great Wall. Outside of these points they cannot venture without a Japanese military pass, which the Army, in its touching anxiety to save neutrals from danger, declines to issue.

Perhaps illogically, Japanese civilians travel about freely, on the apparent assumption that no evil can befall a son of Dai-Nippon. Little wonder, therefore, that the Standard-Vacuum Oil Company is compelled to appoint the Mitsui Bussan Kaisha as its agent for the distribution of oil in Shantung or that the Kailan Mining Administration must agree to the establishment of a new Japanese firm to market its coal in Japan, Korea and North China.

***

Foreigners who speak slightingly of the "independent" administrations in Peiping and Nanking do not realize their importance as a weapon in the Japanese war on foreign business.

When the new Peiping regime (with the guidance of Japanese experts from Osaka and Tokyo) passes its new customs tariff, brazenly favorable towards Japan, foreigners will have to pay the new duties without complaint. Foreign businessmen will, likewise, grit their teeth and pay any new taxes imposed by the two administrations on foreign goods transported inland. In doing so, the foreigners will be aware of the fact that their Japanese competitors will escape the payment of the taxes on one pretext or another.

In one of the most amazing confessions ever made by a diplomatic representative of a great Power, Consul-General Hidaka in a broadcast to Japan early this month admitted that 40,000 tons of Nippon-made goods had entered Shanghai dur-

ing April. Not a penny of Customs duty has been paid on these goods, on the basis of an empty contention that the commodities were not for sale but for the consumption of local Japanese residents. Foreign traders, at the same time, paid full rates on all of their goods, whether destined for sale or for the consumption of foreign, Japanese and Chinese residents in Shanghai.

Mr. Hidaka's open admission of smuggling, with the blessings of the Japanese Army and Government, climaxed the flooding of Central and North China by Japanese contraband goods, which dealt a severe blow to legitimate foreign trade.

The woes of foreign traders and industrialists in North China have been multiplied many-fold by the Japanese-instigated currency debacle. The worthless banknotes issued by the new Peiping regime have been used by the Japanese with great effectiveness in further curtailing the activities of foreign concerns in Tientsin and Peking. Among the companies thus forced to retrench were the Socony, Shell and Texaco interest and Brunner, Mond and Company.

The issue of new money is a forerunner of other dangers to come for foreign interests, for Japanese newspapers freely predict that China will become a member of the "Yen bloc," together with the independent "Empire of Manchukuo" and the equally independent "Autonomous Government of Inner Mongolia."

Establishment of such a coalition, the Tokyo Asahi said, "will form the foundation of an Oriental economic bloc to be planned by Oriental nations. In this sense, the proposed consolidation of the currency system in North China is looked upon as having a significant bearing upon the economic fruits reaped by Japan in the present China incident."

Dominating the currency of China and Manchuria, Japan will add another heavy gun to her arsenal of anti-foreign weapons.

⁂

Naivete alone can explain the belief harbored by some foreigners that Japan may be compelled to give up her newly won economic gains in China.

In a war of attrition, such as is now being waged by the Chinese people, there is no clear-cut victory for either of the exhausted combatants. If peace ever comes between the two nations, it is bound to be a compromise between Japan's Imperial ambitions and China's demand for full respect for her sovereign rights.

Drained of money and fearful of tomorrow, Japan would probably agree under such a peace treaty to the withdrawal of her armed forces. But war-tortured China would, probably, as her part of the compromise, consent to the retention of the elaborate economic machinery erected here by the Japanese since the commencement of the hostilities.

Admittedly, there will be no peace for a year, or years, to come. China is determined to force the collapse of Japan, while Nippon, with equal tenacity, intends to push the hostilities to a victorious end.

In time and in the determination of the Japanese economic interests to maintain their stranglehold on China, foreign businessmen have their greatest menace. Each day of war strengthens Japan's foothold in China and brings a corresponding decline in foreign influence in this country.

Tokyo realizes the importance of time. Therefore, despite the strain put by the war on its treasury, it is feverishly pushing forward colossal plans for the expansion of her economic empire on the mainland.

Most important of the Japanese projects,—and the most dangerous to foreign interests,—are the two new concerns being established in Central and North China to monopolize the rehabilitation work and the economic development in the two vast regions.

Capitalized at roughly U.S. $100,000,000 each, these firms will enjoy practically unlimited financial resources put at their disposal by the Government and the Houses of Mitsui, Mitsubishi, Okura, Yasuda and Sumitomo. They will also enjoy the status of semi-official enterprises, controlled by the Government in Tokyo and actively backed by the bayonets of the Japanese Army.

Check off the fields in which the two firms are to have an iron-bound monopoly and you will immediately realize that many an important foreign concern in China is facing the battle of its life. Railways, electric power, coal and iron mining, steel manufacturing, tramways, telegraph and telephone services, omnibus services, harbor improvement, waterworks, bus service and a score of other activities will come within the purview of the two firms.

What will be exempt from the jurisdiction of these two gigantic firms, will be placed under the control of similar monopolies, such as the projected Sino-Japanese shipping company. which will control shipping in inland waters and between Japan and China.

When these companies are established, foreign interests will have to abandon all hope of obtaining a share of the vast Chinese market. Even incurable optimists among foreign businessmen would scarcely believe that the Japanese Army would, for instance, allow any foreign shipping company to operate a service in inland waters, in direct competition with a semi-official Japanese concern.

⁂

Trade forms the backbone of foreign enterprise in China. Merchants, large and petty, represent the largest single contingent in the army of foreign businessmen in China. They also ac-

count for most of the business transacted by shipping companies, banks, insurance companies and the like. Traders are the channels through which foreign products pour into the limitless China market.

A blow to foreign traders, therefore, not only undermines an important foreign interest in this country but also adversely affects the affiliated enterprises. Such a blow has already been dealt. Where a foreign trader once enjoyed prosperity, today a Japanese merchant holds his sway. Driven by the hostilities to Shanghai and Tientsin, foreign traders are not allowed by the Japanese Army to go inland, while their Japanese rivals move freely about.

One result in Central China has been the establishment of a Japanese trade monopoly over the occupied territory,—a monopoly so tight that not only foreigners but *Chinese* traders as well were prevented from doing business.

In April, the situation came to a pass where the monopoly was seriously hindering the efforts of the guerilla-conscious Japanese Army to restore normal conditions in the occupied area. Therefore, the Japanese Consulate-General here ordered the dissolution of the Japanese Traders' Association and the situation of a licensing system under which both Japanese and Chinese traders were to be allowed to operate, after securing the necessary licenses.

Special steps were to be taken to prevent profiteering, which assumed gargantuan forms with the institution of an air-tight commercial monopoly by Army-protected Japanese traders, operating from Shanghai.

Significantly, no mention was made of foreign trading concerns that may aspire to do business in the interior of China. The committee that was to dispense licenses was to consist of representatives of the Japanese Army, Navy and Chamber of Commerce. One could not imagine without a smile the discussion by such a committee of the merits and demerits of a foreign application for a license.

On April 7, *Domei* reported in Tokyo: "Unified control over Japanese business activities in the parts of Central China occupied by the Japanese army is sought in a set of regulations promulgated jointly today in Shanghai by the army, navy and consular service. Enterprises of minor importance will be controlled by the local consulates, but important industries coming under the heading of national policies will be supervised jointly by the army, navy and consulate.

"The regulations stipulate that those wishing to engage in 'free' enterprises shall apply for permission from and submit the necessary reports to the nearest Japanese consulate. In the event there is no consulate available, the application and reports are to be filed with the local Japanese gendarmerie.

"In order to undertake any of the 'controlled' enterprises, written applications in triplicate must be filed with the Consulate-General in Shanghai. These copies are to be addressed to the Consul-General, the Chief of the Army's S.S.S. and the Chief of the Naval S.S.S.

"The businesses (Foreign businessmen note!) that will come under the new jurisdiction include banking, trust companies, warehousing mining, fishing, transportation (shipping, aviation, railways, tramways, and motor buses), communications (telegraph and wireless telegraphy), electricity, gas and water supply, important manufacturing enterprises (staple fiber, cement, flour, sulphur, tobacco, liquor, pepper, fats and sugar) and retail businesses, such as the operation of public markets, abbatoirs and salt distribution."

To foreigners, this listing of every activity under the sun has an ominous ring, for it endows a semi-official standing upon every Japanese undertaking in Central China.

In North China, the future is even darker for a foreign trader, because the existing Japanese monopolies enjoy a special favor of the Tientsin Army S.S.S. Among the monopolies established in the past few months was a huge Sino-Japanese retail and wholesale traders' association, controlling every Chinese and Japanese trading house in Hopei.

In Shantung the situation is not better. "Foreign trading concerns in Tsingtao and other leading cities in Shantung are fast losing business, while the Japanese are quickly becoming dominant", the well-informed *Fukuoka Nichi-Nichi* reported late in April.

"Since the occupation of Tsingtao by Japanese bluejackets, not a single foreign merchantman has entered there for trade.

"British and American business concerns having head offices in Shanghai or Hongkong and branches in Tsingtao, find themselves in a predicament. They are interested in shipping, insurance and trading in staple produce of China, including peanuts and cottonseed. All are less and less active"

Perhaps the most significant development of all was the establishment of the little publicised Sino-Japanese Economic Council, headed by the iniquitous Dr. Wang Keh-min, currently Japan's No. 1 favorite in China.

Dr. Wang,—if anyone should have any illusions as to his independence in formulating plans for his country's economic development,—this month contributed $200,000 to the funds for comforting Japanese soldiers wounded in fighting his co-nationals.

Like its prototype in Manchuria, the Council is to be the channel through which the Japanese Army and "Robber Barons" will carry out all economic legislation and plans desired by them. The Council is staffed by Japanese experts and Chinese officials appreciative of the "realities of the situation".

No foreigner can expect this council to allow foreign concerns to pursue their trade without fear or hindrance. And legally Japan will be in a position to ignore reminders of her solemn Open Door pledges, for the Council is a Chinese juridical person, nominally free of Japanese parentage or tutelage.

One of the oldest arguments in the debate on 'Japan in China' is the contention that Japan should be allowed to supply this country with cheap textiles and galoshes without competition because of her geographical proximity and low costs of production. Foreign nations, on the other hand,—this argument runs,—can sell to China capital goods, such as machines, railway equipment, ships, rails and chemicals.

Japan's record in the past nine months disproves this contention. Let's see the facts through the lenses of the Japanese press:

The Uraga Dockyard Company, one of the largest in Japan, has opened a branch in Tsingtao and "will monopolize the dock business."

The Kiangnan dockyards in Shanghai have been taken over by the engineers of the world-famous Mitsubishi Dockyards, in Nagasaki.

All Chinese steel and iron manufacturing works throughout the Japanese-occupied area have been transferred by the Army to the ownership of major Japanese companies. All are reported to be planning to expand business to meet the entire Chinese demand.

The South Manchuria Railway Company is reported to be making preparations to replace all of China's rolling stock damaged in the course of the hostilities.

Factories have been established in Tsingtao and other cities to build weaving and spinning machines.

The Mitsui interests have received from the Army the munificent gift of the Pukow Ammonium Sulphate plant, the largest in China. This factory, once owned by the Yungli Chemical Company of Tientsin, will be expanded to meet China's entire demand.

"The move," the Nikkan Kogyo reported, "is claiming special attention, as it is interpreted to represent a step toward expansion of Japan's chemical industry in China."

The Ishin Chemical Works and the Miike Dyestuff Works were also reported to be establishing plants in North China.

In Tientsin, the Nakayama Steel Works was reported to be expanding its machine-tool plant, while the Toyoda interests of Nagoya purchased a large site for a motorcar assembly plant.

From Tientsin it was also reported that the Army, the Tokyo Ministry of Communications and the Peiping regime had agreed on the establishment of a monopolistic telegraph and telephone concern for N. China. Capitalized at Yen 50,000,000, this company will be under Sino-Japanese (read Japanese) management.

Railways,—one of the most promising fields for investment in China,—will also be made a Japanese monopoly. "The Railways of North China," Mr. Yoshino, Minister of Commerce and Industry, informed the House of Representatives in Tokyo, "are included in the property which the Japanese Government will turn over to the semi-official North China Development Company, as a part of its Yen 175,000,000 investment."

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In the House of Commons in London this week, the British Government revealed that the Japanese authorities had declined such an elementary courtesy as a permission for a British engineer to make an inspection trip over the Shanghai-Nanking Railway, in which British investors are very heavily interested.

Vast equipment required for the extensive program of harbor improvement contemplated by the Army will also come from Japan, Mr. Yoshino intimated to the Tokyo House.

All railways in North China are already operated by the South Manchuria Railway Company. Bus services have also been taken over by the Kochu Kungssu, a subsidiary of the S.M.R., and other important Japanese interests.

It is a foregone conclusion that, with the possible exception of the Kailan coal mines, there will not be a single foreign (or Chinese?) owned coal or iron mine in China within a year. Mines in the areas occupied by the Japanese Army are already being operated full blast by Japan's major munitions concerns and the huge semi-official Japan Iron Manufacturing Company, whose President, Mr. Hirao, is the newly appointed economic dictator of North China.

It is fitting, at this point, to recall Premier Konoye's words before the House of Representatives on March 28.

"Japan is determined", he said, "not to evacuate an inch of the territory now held by her armed forces and is planning to exploit the industrial and economic resources of the occupied areas".

No word of foreign interests which might desire to take part in the economic development of China and to reap the subsequent profits.

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Perhaps, then, if foreign Powers are rigidly excluded from trade, industry, shipping and communications, they will be allowed to supply the necessary funds.

Japan, according to *The Yomiuri*, needs Y.1,500,000,000 to carry out the Army's Five-Year plan for the economic development of North China. This plan has virtually been forced down the throat of the Tokyo Government by the Tientsin Garrison, which specially dispatched to the Capital Lieut.-Col. Ishimoto, its economic expert, to browbeat the Government into an acceptance of the scheme.

This enormous amount Japan does not have, and every day of hostilities diminishes the possibility of her ever having these funds. Does Japan, therefore, intend to appeal to New York or London for the required money and offer to share the profits? No!

Y. Matsuoka, President of the S.M.R. and one of the most important figures in shaping North China's economic destinies, on April 16 issued a "strong warning against importing foreign capital for financing the economic development" of the region.

The news agency *Domei* quoted Matsuoka as saying that Japan must "pull through the current emergency situation with her own funds". It is, of course, possible that unkind Mr. Matsuoka was trying to trip Y. Aiyukawa, his successor as the "Czar" of the Manchurian economy, who is shortly leaving for New York in quest of funds.

But his anti-foreign view is held by many another prominent politician and press organ. Thus, the *Tokyo Hochi* said.

"The question considered most important (in North China) is how Japan can raise the money. It is hoped there that the Japanese Government can raise the amount in the same manner in which it is obtaining funds to finance the fighting.

"It is doubtful whether or not all of the enterprises the Japanese will take up will be profitable. Large expenditures are required, especially for investment in and repair of railways, port and harbors and river improvement. Such expenditures will not be covered by profits within a brief period, considering the nature of the enterprises. Herein arises the need of raising the money in the same manner in which the military funds are obtained.

"Control of enterprises by the national policy company should be enforced strictly . . . The guiding rule should be the strengthening of the Japan-Manchukuo-China economic bloc. Especially must the strengthening of Manchukuo's heavy industries be realized. It is hoped that a definite plan, perhaps on an eight-year basis, will be formulated for North China."

A fair sample of the treatment in store for foreign capital has been supplied in the past month. Undoubtedly under orders from the Japanese Navy, the Chinese Chamber of Commerce in Tsingtao has instructed its members to withdraw their balances with the Hongkong and Shanghai Banking Corporation and the Chartered Bank and to do exchange business only through the Yokohama Special Bank and the Army-controlled Federal Reserve Bank of Peiping.

Chinese merchants, *Reuters* reported, will not be able to get permits to export or import cargo unless they comply with these instructions.

The Hongkong and Shanghai Banking Corporation was also dealt a severe blow by Japan, when the British Government agreed to the transfer of Customs revenues ordinarily deposited in its vaults to the Yokohama Specie Bank.

Japan wants neither foreign goods nor their capital. China is to be Japan's own,—to love, order about and exploit.

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Two factors stand out from among the things demanding immediate and careful attention from the menaced foreign interests. These are:

1. The close connection between the Japanese economic interests in China and the Japanese Government and Fighting Services; and
2. The ability of the Japanese Fighting Services to bar entry into China to foreign nationals, ships and goods.

If events follow the plan mapped out by the Tokyo Government and the "Robber Barons", the economic development of China and the exploitation of her vast resources will be carried out by huge semi-official companies, partly financed by the Government and controlled and protected by the Army.

Foreign private interests, however powerful and extensive they may be, cannot compete with such economic mammoths, backed by a ruthless Army.

Complete exclusion of foreigners and their goods from China (with the exception of a few ports) spells extinction to foreign interests in this country. Unless immediate steps are taken to open Japanese-occupied area to travel by foreign traders and to the transportation of foreign goods on a basis identical to that enjoyed by Nippon-made commodities, Japan will gain an advantage that will never be overcome by other nations.

Time, as it was pointed out once before, is an important ally of the "Robber Barons". Every day in which they can win over new customers and agents without fear of foreign competition is an important victory over their economic rivals.

Foreign interests are facing today the greatest danger they have faced in a century. Therefore, the moment calls for immediate and drastic action, to save what is left of the enormous foreign investments, rights and interests in China.

What can be done? Japan's methods themselves suggest the answer. If the Japanese economic interests receive the combined backing of the flag and the bayonet, why should Britain and the United States be reluctant to use these methods? Time and again, it has been demonstrated that a show of force and determination suffices to secure concessions from Japan.

Does not the exclusion of foreign goods and nationals from one eighth of the globe form a sufficient cause for a determined stand? Do not the ceaseless provocations by the Japanese Fighting Services demand a rebuff befitting Great Powers?

They do, and local foreign diplomatic, consular and military establishment should co-operate with their traders, industrialists and bankers in salvaging the remainder of the enormous foreign investments in this country.

The foreign Chambers of Commerce here will also find it to their advantage to undertake an extensive publicity campaign to acquaint their people and Governments of the brazen campaign of terror, intimidation and oppression of legitimate foreign interests in China by the victorious Japanese Army.

(The second and concluding article of this series will be published next week).

Japanese Writer at Hankow Analyzes Nippon's War Aims, Urges Recall of Troops

EN Shikachi, noted Japanese writer of leftist inclinations, made a strong appeal to his fellow countrymen in a radio speech broadcast from Hankow, urging them to overthrow the Japanese warlords and recall the armies now ravaging China.

Quoting the Japanese War Minister Gen. Gen Sugiyama's promise of a "speedy war with a speedy conclusion," Mr. Shikachi pointed out that the war was not going to have a speedy conclusion, as predicted. The vain hope of Japanese military leaders to "beat the Chinese National Government into submission" had degenerated into protracted Chinese resistance, and the Japanese people would be called upon to make greater and greater sacrifices.

He declared that it was a 100 per cent aggressive war—more, he quoted certain Japanese authorities as declaring, last December, when questioned on how to make China a protectorate, had said, "It is even more urgent from the point of view of defence against Russia to unite Chahar, Suiyuan and Ninghsia with 'Manchukuo,' than to take North China." It was quite clear that the war in China was designed to seize North China as a foothold for further aggression against Russia.

Mr. Shikachi showed how the war had brought about the unprecedented unity of China. In face of aggression, internal strife which had hindered the development of China had ceased. People of all classes and all parties rallied to the support of the Central Government and presented a strong front. Government and people, formerly separated by a wide gulf of difference, were now united as one. A new and youthful China was making rapid progress; the country was greatly strengthened. The National Government had the support and trust of the nation.

For what purpose was Japan making such heavy sacrifices in men and resources in waging war on China? Japan had mobilized hundreds of thousands of soldiers. Battlefield covered an area two and a half time the size of Japan. The nation's resources were facing exhaustion. The lives of Japanese soldiers on the battlefields were at stake and the blood and sweat of the entire Japanese population and the wealth of the entire nation were ventured against hopeless odds. Under blind manipulation of the Army general staff, Japan was marching toward a bottomless pit of poverty and misery. If the sacrifices were for the good of the country, they might be justifiable and the people would bear them cheerfully, but the question was, were the sacrifices for the good of the country and what would Japan gain from its aggression on China?

The speaker appealed to his fellow countrymen to overthrow Japanese warlords—the real enemy of the people. Japanese warlords did not take the people into their confidence before the outbreak. They preached a punitive expedition against anti-Japanese movements in China, but did not explain the cause of such anti-Japanese activities. If Japanese had carried on peaceful and legitimate undertakings in China, how could there be anti-Japanese activity. Chinese had never looked upon the Japanese as their enemy.

In concluding his address, Mr. Shikachi exclaimed, "Countrymen! Please rest assured that the Chinese people have never regarded you as their enemy. Disarmed Japanese captives are better off here in China than in their own country. Please send my message to the families of all Japanese captives in China.

"I earnestly appeal to you to recall our soldiers. They are carrying on ruthless massacres here. They kill Chinese prisoners of war. They kill peaceful Chinese citizens. They violate Chinese women. I have evidence in support of these charges. It is a humilitation to Japan as a civilized nation—a humiliation that has become known to the whole world.

"Demoralization among our troops is astonishing, but the reason is simple. Military leaders, who have regarded our own citizens with contempt, naturally have still less regard for the Chinese people.

"Recall the army, Countrymen! Save them from destruction! Join China against our common enemy! Through our joint efforts our two nations can rebuild Oriental peace and glory upon the basis of brotherhood and freedom. Now is the time for true Japanese citizens to make up their mind and act.!"

Claims China Wants Peace

According to a Peiping dispatch in *Tokyo Nichi Nichi* (May 22), a peace movement was gaining strength among certain political and military leaders affiliated with the national government at Hankow. Among those mentioned as desiring peace were Wang Ching-wei, Gen. Chang Chun, Gen. Pai Tsung-hsi and Gen. Yen Hsi-shan. The dispatch alleged they "believed it was useless to continue resistance against Japan."

The *Nichi-Nichi* termed the alleged change of attitude as an "epoch-making development, full of danger for Gen. Chiang Kai-shek's administration." The report further stated that the movement was also supported by T. V. Soong and Dr. H. H. Kung, who were opposed to the present collaboration with the Communists. The report alleged further that groups favoring the conclusion of peace were led by Wu Pei-fu in North China and Tang Shao-yi in South China.

Inspired Chinese Agitation at Tokyo

Chines residents in Japan, members of a so-called Chinese Residents' Association petitioned the Japanese Government to extend recognition to the puppet regime at Peiping. The Association, under obvious pressure, passed a resolution urging the "Provisional" Chinese Government at Peiping to establish an Embassy at Tokyo. The meeting was attended by Sun Shih, unofficial envoy of the Peiping Regime in Japan. But Y. C. Yang, Counsellor of the Embassy, took a strong stand against the agitators, when they presented him with the "demand". He told the agitators to get out, declaring that he would not leave the premises without express orders from the National Government at Hankow. The agitators finally left the building.

According to *Domei*, the total number of Chinese residents in Japan at present is estimated at 100,000. About 50,000 departed for China following the outbreak of hostilities last year. An unconfirmed report stated that Koki Hirota, Japan's Foreign Minister, would soon come to China on an extensive tour. The proposed visit, according to the report, was prompted by the serious controversy between the Premier, the War Office and the Foreign Office over which branch was to control occupied areas in China.

"China Not to Lose the War"

Dr. Cho-min Wei, President of Central China University, who is now in England declared: "Hsuchow may have fallen and we may lose more places after Hsuchow, but we are not going to lose the war." "Time, manpower and the world," Dr. Wei added, "are on our side, and we are coming out on top. Our greatest concern is what will happen afterwards, whether China may fall into the temptation of militarism or becoming a totalitarian state."

Dr. Sun Fo, President of Chinese Legislative Yuan, who arrived at Moscow May 17, would soon be received in audience by Chairman Kalinin in order to resume the negotiations with the Soviet Government begun four months ago.

Puppet Wang Said Strengthened

As a result of his recent "tribute-bearing" trip to Tokyo, the position of Wang Keh-ming, chief puppet official in North China, was said to have been greatly strengthened. Previously Wang was in danger of being displaced by another puppet the ex-Shantung militarist, Gen. Chin Yun-peng. Since Wang's return, it was reported that Maj.-Gen. Kita, Chief Japanese Military Attache had told supporters of Chin and Wu Pei-fu that they must postpone indefinitely their plans.

Maj.-Gen. Kita said further that present tentative plans called for Wang Keh-min to head the future amalgamated government of Peiping and Nanking with Liang Hung-chih, leader of Nanking, as Premier. In this connection, it was also reported that Liang might be appointed as Peiping's "Ambassador" to Tokyo with other Nankingites playing secondary roles under Wang Keh-ming in Peiping.

Manchukuo has decided to send goodwill missions to Italy, Germany, Austria, Spain, Poland and Salvadore, according to *Domei*. The Mission, conisting of 20 members, will leave in July. A group of 23 Chinese women on a goodwill mission to Japan, organized by puppet Chinese officials in Peiping, arrived at Kyoto (May 17) and visited the tomb of Emperor Meiji and local military hospitals. The group was headed by Mrs. Pan Yu-kwei, wife of the Mayor of Tientsin.

Keng Hsi-meng, Manager of the Tsi-Hsin Bank at Tientsin, was assassinated in the French Concession on May 17, allegedly by agents of a traitorous organization, know as the "Fu Tze Society." Considerable interest was aroused in Tientsin in Keng's assassination, as the Tsi-Hsin Bank was organized by Gen. Sung Cheh-yuan and Gen. Liu Ju-min, leaders of the 29th Army.

New Puppet Organ at Soochow

Japanese military brought into existence another puppet organization in Soochow (May 23), which styled itself as "Kiangsu Provincial Government" with Chen Tseh-min, Nanking's Education Minister, concurrently as "Chairman." The inauguration ceremony was witnessed by two men, Gen. K. Harada, Japanese military attache and Chen Chun, "Minister of the Interior" of the Nanking regime.

In response to the desires of "100,000,000 people in Central China," *Asahi* reported from Nanking (May 18) that the "Reformed" Government had decided to move all departments from Shanghai to Nanking at the end of June. Upon removal to Nanking, the "Reformed" Government composed of three Yuans and seven Ministries would be quartered in the former National Government Offices. The Administrative Department would be quartered in the former Nanking Municipal Government building.

It was reported that officials of the Nanking "Reformed" Government took over May 16 the newly repaired buildings of the Civic Center in Kiangwan, where the Nanking group was establishing its Shanghai offices. Lieut.-Col. Masutaro Nakai, of the Japanese Special Service Section, conducted the ceremony of transfer.

Gen. Chiang Busy at Hankow

Gen. Chiang Kai-shek presided at a meeting of the Hankow office of the Central Party Headquarters last week when important Party affairs were discussed. The meeting was attended by leading Party leaders, including Dr. H. H. Kung, Yu Yu-jen and Chu Chia-hua. In view of Japanese occupation of Amoy, Gen. Chiang Kai-shek dispatched Maj.-Gen. Cheng Tse-jun, Director of the Military Affairs Department of the Army Headquarters, to Canton to direct consolidation of defences in Kwangtung, in conjunction with Gen. Yu Han-mou, Pacification Commissioner for Kwangtung. Gen. Cheng arrived at Canton on May 22.

"Japan Must Be Resisted"

Eugene Chen, former Chinese Foreign Minister, who returned to China recently from Europe, in a statement issued to the press stated:

"I am one of the many Chinese who have never wavered in the belief that Japanese aggression must be actively resisted if China is to survive as an independent country.

"It is true that resistance has not prevented Japan from creating a very grave situation in China and the question must be frankly asked whether this is an inevitable consequence of resistance itself or is it due to the manner in which resistance has been conceived and carried out.

"After a long absence abroad for reasons that are known, I return home to consult with friends and others as to the possibility of finding other ways and means, in addition to the purely military, with which to resist the enemy."

Reports in Shanghai papers that Mr. Chen was asked to become senior adviser of the Ministry of Foreign Affairs are without foundation.

People's Political Council

Gen. Chang Chun, Secretary-General of the Supreme National Defence Council, said that complete lists of candidates for the people's Political Council, nominated in accordance with the Regulations governing its Organization, had been received by the Central Authorities from the various Provincial and Municipal Governments, the Mongolian and Tibetan Affairs Commission, and the Central Overseas Affairs Commission. According to the Regulations, half of the membership of the Council would be Kuomintang members, while the rest would be chosen from among non-Party members. The Council was different from the National Defence Council, in that members of the latter must all be Party men.

Closer co-operation among the various political parties in China in the campaign of resistance was urged in a recent editorial by the *Hsin Hua Jih Pao*, Communist organ in Hankow. "We must form a people's front against the Japanese by co-operation among all political Parties, by inducing all civic organizations to join in the task and by organising the masses."

Dr. Weng Wen-hao, Minister of Economics, recently sworn into office at Chungking, declared that the Ministry was devoting much attention to the promotion of domestic production and development of foreign trade. For the enhancement of domestic production, Dr. Weng said, co-operative treasuries had been organized in various rural districts, loans were being extended to needy farmers in various parts of the country, active efforts were being made to assist more than a hundred native factories in costal cities to remove to the hinterland.

World Student Group Visits China

Delegates from the World Students' Federation, who arrived at Hankow from Europe to express their sympathy with the Chinese in their campaign of resistance, were honored at a reception given by the Chinese League of Nations' Union. James Kingman (Cambridge), Secretary of the Federation, and Bernard Flond (Oxford) secretary of the student section of the British Youth Peace Assembly, would shortly leave for war fronts. They would also visit China's northwest and southwest provinces, including the capital of the "Chinese Soviet District."

A representative of American Students' Federation recently arrived at Foochow from the United States to express sympathy with students and faculties of educational institutions in Fukien. The American delegate told of the universal abhorence and indignation expressed by the American public at the wanton destruction of Chinese cultural institutions by the Japanese air forces.

International Children's Day (May 19) was observed at Hankow at a meeting attended by more than a hundred Chinese, British, American, German, French and Italian children. Ling Shu-hua, Chairman of the Chinese League of Nations' Union. spoke on the significance of the Day and made an appeal for the relief of Chinese refugee children from the war zones.

General James G. Harbord of R.C.A. to Visit in Shanghai

General James G. Harbord, retired U. S. Army officer, who has been president of the Radio Corporation of America for several years, will spend a few hours in Shanghai this week on his way home from a trip to the Philippines. While in Shanghai he will be the guest of George F. Shecklen, representative in China for R. C. A. He is a passenger on the Empress of Japan, scheduled to arrive in Shanghai on Sunday, May 29.

Gen. Harbord was born in Bloomington, Illinois and was graduated from Kansas State Agricultural College, following which he enrolled in the Infantry and Cavalry School and the Army War College. After extensive service in the U. S. Army, including service in the Philippine Constabulary, he was appointed Chief-of-Staff of the A. E. F. in France, May 15, 1917. He commanded the Marine Brigade at Chateau Thierry and the 2nd Division in the Soissons offensive. He retired from service in 1922 to become chairman of the board of Radio Corporation of America.

Gen. Harbord has been awarded numerous decorations by the U. S. and other governments and has received the LL.D. degree from Trinity College, Marietta College and Yale.

Japanese Balloon Fails to Rise

The plans of Peiping Japanese to announce Hsuchow's fall through the use of a large balloon failed to materialize May 19 when the inflated gas bag refused to rise. The announcement, however, was made by draping the Hsin Min Pao building with a huge banner on which great Chinese characters told of a "great Japanese victory; Hsuchow has fallen." The official Government paper also issued extras. Street cars bore colored posters announcing the fall of the city into Japanese hands. The posters were printed days ago but the date of the capture and the time were hastily written.

Canton-Hankow R.R. Collision Kills 200

Over 200 persons were killed and injured in a disastrous head-on collision on the Canton-Hankow Railway on the night of May 16, according to Chinese reports reaching Hongkong. The accident is said to have occured at Milokang, 73 kilometers north of Changsha, when a southbound passenger train from Wuchang collided with a northbound freight train from Canton. The cause of the collision is unknown, but it is learned that certain railway officials have been taken into custody. Traffic was resumed several days later.

The Japanese Army—the Horror of It!

The following account of life in a rural area of the lower Yangtze valley is typical of the misery of scores of districts under Japanese occupation. The writer is a man of the highest character and education, a thoroughly reliable and experienced observer, known to many residents of Shanghai. Robbery, burning, rape, murder: everywhere it is the same story, but none the less poignant for each family that has been suffering for months under brutal soldiery. This record is remarkably calm and steady, though the facts cry out the more effectively for decent opportunities of life as against savage conquest and oppression.—Editor.

FOLLOWING the breakdown of the Shanghai-Soochow defense lines in November of 1937, wounded and defeated Chinese troops poured into this region along the river as they retreated from east to west. The native populace were anxious lest these disorganized and undirected troops, numbering thousands per day and crowding through the small towns and cities, would cause serious trouble by looting or by any other violence. As the hsien government had already appointed a local committee to meet energency needs, soldiers were well cared for, and each was given twenty cents for meals the day he went through the hsien city.

For a period of about ten days, thousands and thousands of defeated and wounded soldiers passed by without disturbing local order, except in one case where a small detachment came into an emotional and unnecessary dispute with the *paoantui* (peace preservation corps) of the hsien government, resulting in the loss of a few hundred dollars by the magistrate as the price of adjustment. Peddlers did a good business with the soldiers. Late one night, the writer himself saw a common soldier seeking to exchange his underwear for a bowl of noodles. When the shop refused the offer, he went quietly away, sighing, "There's nothing that can be done about it."

At last two regiments were sent to defend the river front. These troops were well clothed and well equipped, but they lacked artillery. They asked for beds straw, and some assistance in digging trenches. Although the officers made their moderate requests in very pleasant terms, the local leaders were soon weary of them, not realizing the harsh demands that were to come from later guests. The people hardly appreciated the idea when the officers wept, and said: "If we are unable to defend this region, we cannot dream what will happen to you, for we have witnessed the sufferings of our countrymen in the Shanghai-Wusih region."

River Front Unfortified

Except for a few trenches, the river front was actually unfortified and could not really be defended. Any one on board a ship could clearly see that the hsien at large is an open plain and has no strategic value. But as the Japanese navy proceeded westward, various gunboats bombarded the small towns along the river bank. At one small town of not more than one hundred houses, the Japanese navy fired not less than two hundred shells. They killed about forty people, civilian and military, and destroyed a few houses. After the people tasted the power of modern weapons all that day, the Chinese defenders withdrew into an interior town with few people realizing the fact. It was reported that the last remnants of the national forces did seize donkeys and wheelbarrows for the sake of transportation, and also forced people to carry guns and other things for them. There was little or no looting.

The people in general felt much relieved as the "river devils" ceased their shelling, and as the defenders departed in good order. They were somewhat concerned about the enemy guests. "When and from what place will they come? How should they be welcomed? What will be the new organization to succeed the magistrate's office in maintaining law and order?" Such were some of the questions quietly asked by the gentry and the merchant leaders. Twenty-four hours after the withdrawal nothing had developed. Order for the whole district, inhabited roughly by 50,000 people, depended on eight militiamen. Then came a messenger to say that a small detachment of the Japanese army had reached a place four miles from the hsien city. The people were excited with mixed feelings.

The senior of the gentry felt happy that a new era might be ushered in and they could once more become leaders of local politics. The merchants thought that if the Japanese were given a satisfactory welcome they might run their business as usual, and would enjoy the advantage of exemption from Central Government taxes. Farmers remained indifferent, and did not realize the significance of the change. Only a small handful of intelligentsia, relatively low in educational attainment, definitely declined to participate in any of the activities that have to do with the Japanese, and continued to pray for the return of the Central Government.

The gentry and merchants leaders joined hands to prepare for the welcome. Numerous paper Japanese flags were made for distribution among the shops and residences. Many were reserved for the people to take in their hands when they stood in rows on the public road to welcome the conquerors. Feasts and wines were ordered to entertain the officers of the Imperial Army. Most of those who took part in the preparations did not know what they were doing, A few definitely sought for official appointment and for protection to their businesses.

The Welcome's Reward

The forerunners of the approaching guests were in group of tanks which passed by without paying much attention to the half-hearted but outwardly eager crowds of spectators who joined in the welcome. One hour later, the infantry drew near, and their dignified officers returned an unnatural smile to persons who took off their hats and bowed to the invaders. In response to this humble welcome, a disorderly soldier took away the one ricsha at hand, that provided for the senior member of the gentry, a notable scholar who has taught in various Kiangsu high schools. A small group of officers and soldiers who remained in the city that day, were entertained by the representatives of the gentry. They returned no thanks foi the courtesies, but demanded more and more wines and cigarettes. Late in the afternoon, the old scholar whose ricsha was taken away, was whipped on his cheeks by two soldiers and compelled to kneel in the street for about two hours, because he was not able to give them money and the still more necessary "decorated girls." The old man's leadership in preparing the welcome was thus rewarded!

SPY!

Jack Chen in Life Magazine (New York)

Chinese girl executed by Japanese as a spy in Peiping.

The public of the hsien, however, was not greatly disturbed, for they realized that the conquered must undergo certained humiliations. They were more afraid of looting by defeated Chinese troops, and of bombardment by the navy that was pressing westward, but had some hope that the Japanese would bring good order and make possible the resumption of normal life. Only a few of the inhabitants moved to the country; none had taken away furniture or heavy clothing. One person advocated calm and organized action for self-help in maintaining local order. He was of the belief that the Japanese, would find it of no use to come in force to an interior hsien. If they did come, their reputation for discipline was excellent, and the populace should not fear looting or raping from their soldiers. Most of the people, whether inside or outside the walled city, did not try to move for safety.

This anticipation was largely, if not entirely, wrong. When later detachments arrived, the soldiers persisted in billeting themselves in private houses, and refused to use public buildings. The people of the entire main street inside the city were driven from their houses and were not allowed to take out their personal effects. Then a period of terror was introduced. Women were indiscriminately seized for raping. Time made no difference: from early morning till late in the night. Place made no

difference: street, roadside, dyke, monastery, kitchen, strawpile, even burial mounds. Age made no difference: girls of twelve and women of fifty-five were not exempt.

One woman was laid naked in bed, and raped successively by a group of soldiers who sat around a fire in her room for heat. One well-known person knelt unsuccessfully before a soldier, begging him not to rape his wife. One man was bayonetted to death on the open road because he showed displeasure at a soldier's raping his wife, who had a child in her arms, A group of six women were awakened late one night in March by the arrival of soldiers. The fled through back doors and over walls to take refuge in a branch office of the self-government organization, where all were raped, including one who had given birth only three days before. For a few days, soldiers walked over the houses from roof to roof, looking for women from above. All the main doors of the native-style houses were shut tight, for fear soldiers might come at any time. Numerous cases of raping were kept secret because of the senstiveness of Chinese women on this matter. Many committed suicide for this cause.

Houses Are Burned

Equally serious and horrible were the systematic burning and the unlawful killing. Along the public road, a large number

"SAM, DO YOUR DUTY"

N. Y. Evening Post

"Go in after him, Sam; we're backin' you!"

of farmers' cottages were burned as the Japanese progressed. More than a hundred peasants, young and strong, who tried to run for safety upon sighting the Japanese, were indiscriminately shot to death on a length of road about ten miles. In the city, doors, partitions, tables, chairs, and window-frames were the soldiers' fuel. Fires for heat continued day and night, and the soldiers never care whether the houses they occupied were consumed or not. If one house caught fire, they moved to the next. From a great distance, one could see distinctly the smoke of fire by day and the light of flame by night. Many a time soldiers deliberately put incendiary materials in houses, laughing loudly.

The results of the burning were as follows: The hsien government buildings were completely destroyed, and the local hospital partly so. In a certain house the furniture, clothing, and all valuables such as paintings, were completely burned because one soldier found there an old military badge. About fifty villages in the vicinity of a market town were burned because it was reported that a small group of soldiers who carried away by launch large quantities of furniture, cloth, and precious metals, were robbed by bandits and a few were killed. Two villages were saved only because an old woman ordered the people to burn their strawpiles, thus leading the cruel guests to think that some of their own kind were fulfilling the mission of the Empire of the Rising Sun.

The record of killings is equally appalling. The people of the interior had never before heard that a person might be killed at will by anybody else. One ordinary civilian was instantly killed because he gave a military salute to a soldier, intending to show his cleverness and to impress the soldier that he knew the manners of the guild. Two women jumped into the water and were drowned while trying to escape from raping. Three brothers were simultaneously shot because the soldiers saw a picture of a uniformed person in their home. The head of one pao (unit of a hundred families) lost his life because a stray group of soldiers did not succeed in extracting money from the people in a remote village, where there were strong militia units. Three peasants were shot after they had served in various capacities for the soldiers, who then charged that they were responsible for the death of two of the soldiers' companions. In fact, the company to which these two soldiers belonged had intensively combed a village of twenty or more families, taking money, killing all chickens and animals, raping the women. Whereupon another young man, in natural anger, killed two of the soldiers with their own rifles. The three accused peasants were asked $800 to redeem their lives, but they were able to pay only $200 through the chairman of the self-government unit. Hence they were murdered.

Districts Thoroughly Looted

Except for one market town in which life and property remained relatively intact, the whole district was thoroughly looted. Not a single house escaped the visitations of soldiers. Many houses were ransacked numerous times in one day. All the bedding with good covers, and the iron kitchen pots, were taken away to other place in heavy trucks. Rifling of pockets was the universal habit in those days. Even forty or fifty cents was welcome. A person who failed to keep some money on his body was liable to be whipped and kicked. The peasants who came into the city with vegetables or rice for sale were many times robbed by the guards.

Three soldiers about to leave the region, went to the home of the chairman of the self-government committee, and took a few dollars and a watch, saying: "We borrow this for fun, and will return it later on." One officer who spoke good Chinese asked the son of the self-government chairman, upon the very day of his arrival, whether or not the young man wanted to get rich. The officer recognized an opium-smoker, and supposed that he would be greedy and able to suggest wealthy persons from whom money could be extorted. One night the officer took his small troop out to search for a business man, denouncing him as a bad person. The affair ended in the payment of $200 through the self-government chairman. The officer asked the chairman: "Is it legal to receive this money? Can I avoid the criticism of being bribed?" The chairman replied: "Don't mention these problems. Take the money and spend it. You may regard it as my money." The officer was much pleased, and asked a soldier to pocket the money after counting it. "Yes, I can accept the chairman's money. But I must be fair to the people." Early next morning seven soldiers under this officer went to a candle-shop and removed $270 deposited there by neighbors for safekeeping. Most of the shops naturally shut their doors, which were frequently struck by bayonets. One apprentice was threatened with death, and then released after paying $15. His master suffered a head wound from a bayonet when two soldiers came in to ask for $100.

During this whole period of about two months, in which a large detachment of 3,000 soldiers were stationed in the city for 33 days, to be followed by a platoon of 26 quartered there for 21 days, the people were terrified by all kinds of evil. Qualitatively, the small, irregular group troubled the people more grievously than the big detachment. Most of the women and girls fled into surrounding villages or across the river; but the villages were not safe places. No one outside the city knew what happened within it. People of the same street were separated from each other, for few persons dared to walk outside of their own walls. Even the width of an alley seemed a strong barrier which prevented relatives and friends from helping each other. Property meant nothing, and life but little. No hope, no security! Every day the people prayed for the return of the Central Government and the Central Army. All their misdeeds were entirely forgotten, and the people have grown eager to devote their lives to the country, saying: "If we have no country, we will have no homes and no individual welfare."

With the inauguration of the self-government organization in January, there was hope for improvement in the situation, and so it proved in small degree. The leaders of the government were members of the local gentry who really intended to restore order in the region. But the Japanese gave them neither power nor money. No policemen with pistols or rifles could be organized. No arrests of robbers or of powerful wrong-doers were possible. Prestige was nil. All the records and registration papers of land were burned by soldiers in the early days of their occupation. Hence, land taxation is out of the question for the next year and for some years to come. For a period of five months the military officer on the spot gave to the government 150 bags of salt as administrative funds, worth at most $1200. Most of the officers and clerks were unpaid, so effective work could not be expected. The Japanese, on the other hand, had to be entertained with numerous banquets; and patrols of ten to twenty had to fed every day or two. As natives, the government officers found much difficulty in being fair in local disputes. The government was reduced to a real vassalage to the Japanese, who used it at will for requisition, entertainment, and the provision of prostitutes.

Poverty Everywhere

The mass of the people has fallen into a position of terrible misery. Many families have lost their houses, and their movables; many had relatives killed. There is no market for grain. There is so little capital and such complete absence of market, that no manufacture is attempted. The larger stores had to close because of shortage of stocks, while the rapid shifts of prices made it almost impossible for peddlers to do their business. The many hundreds of refugees from large cities had lost part of their belongings, and found their little savings exhausted as the situation dragged on far longer than their expectations. A high officer of the Ministry of Finance lost all his property and lived with his family by begging. Another person of high position had to content himself with a job in the self-government organizaton at $20 a month, paid irregularly. Good harvest might save the people in general from starvation. But if order and communication continue on their present level, many people will have to turn next winter to suicide or to robbery. The self-government committee is in no position to do any relief work whatsoever, and no outside source of relief is in sight. It is a sad plight. The people are marching on the road of death!

Miserable as the people are, they have been seriously imposed upon by various groups. The iron hand of the Japanese is sacred; the puppets must be not be violated. Other oppressors are less obvious. The native barbers who returned from Japan acted as interpreters, and rendered some service to the people, but their misdeeds in squeezing money, deceiving the government officers, and humiliating their own race, have led the public to fear and distrust them. A group of prostitutes, "decorated girls" by trade, were gathered together in order that the ordinary women might be protected. One prostitute was bold enough to hit a soldier in the face and to chase his companions away from a private house as they intended to rape a young woman of standing. She held one of their rifles on her shoulder, and led them to the prostitutes' house. Ignorant and proud from their success, the prostitutes made it hard for local leaders to satisfy them with money and food.

Vagabonds and members of the various sects of the secret societies were potential leaders in mistreatment of the common people, They have no property, and most of them no families to restrain them. Their concept of the nation and sense of patriotism is so vague that they are not much bothered by the loss of national freedom. On the contrary, they themselves a new freedom in that anarchy prevails and law does not exist any longer. They want to live, and live well; they possess rifles and pistols. Yet they like to be flattered and well fed by the local people. They were therefore publicly organized as militia. They would feel ashamed if their particular locality under their care was robbed. The local merchants in return paid to them ten or twelve dollars a month, and there were of course chance for extras. This emergency government founded on face and peculiar personal regard between such strangely different elements, was so effective in a certain market town that only one case of civilian robbery took place in five months' time.

Banditry Is Problem

The most serious problem for the local leaders is banditry. This curse began to appear only after the large body of Japanese troops left that region, while a small unit of perhaps a hundred has latterly been occupied with guarding a booty worth a quarter of a million. The bandits picked up a large quantity of arms and ammunition left by the central troops, and built up an extensive, powerful organization. A common method of robbery was to burn people and their houses as a means of extorting money. The victim is hung horizontally by the limbs, and incense or paper dipped in kerosene is used to burn the most sensitive places of the body, or sometimes the burning is slow and uniform over the whole body. Sometimes even after the victim reveals where money can be found, he is brought to death by pouring cold water upon the freshly burned body. Bandits could be seen marching in lines toward certain villages, and for a period shooting took place in all directions each evening. On some days the bandits were so bold that they went to teashops and did shopping with pistols in their pockets. Their influence was so strong and so extended that people found it impossible to endure. Negotiation for the protection of particular places was only a transient expedient.

Necessity drove the peasants and townspeople to organize for self-protection. Inter-village associations emerged, till a general federation developed in a few weeks' time a force of 5,000 men armed and supplied by purchases from farmers or from vagabonds across the river. As a bandit leader was about to celebrate his wife's thirtieth birthday, the association killed fourteen bandits in the village. This turned prestige against the bandits, and enhanced the courage of the people. Many semi-bandit followers deserted their leaders, and the association began a serious combing out of bad elements from village after village. This process eventually led to a battle near the river, where a thousand men from the people's militia attacked the bandits in old government forts and trenches, and drove them to flight across the river. Some thirty bandits were killed and many of their houses were burned. Now the main job was done, and the region became generally peaceful once more. The villages and towns have some semblance of a real government, arresting, trying, and sentencing. Unfortunately, certain members of the association utilize the opportunity for personal revenge.

After people suffered the fourfold fires of the Central Army (to a negligible degree in that region), of Japanese soldiers, of bandits, and of the anti-bandit militia; after they served variously seven groups of masters,—Japanese troops, puppet officers, actual traitors who accompanied the Japanese and mistreated the people, barber interpreters, members of secret societies, prostitutes, and bandits: the people found a breathing-space. But still there is no true government, and law is nobody's concern. The conqueror may say at any time that certain property be seized and certain persons be seized and killed. Poverty becomes universal, and trouble may occur at any time, particularly during the coming fall and winter. The feelings of the people are so strained that normal life and thinking can be restored only if they are given their own government, homes, and business.

Raid on Japan Embarrasses Nippon's Spokesmen

MORE than 30 hours after two giant monoplanes, twin-engined Martin bombers, manned by Chinese aviators, flew over Japan Proper on May 20 dropping anti-Japanese leaflets, stunned Japanese officials admitted that "Japan had been invaded." It was a melancholy fact to admit, for Japan's famed defense works showed themselves vulnerable to a surprise attack. Neither planes nor anti-aircraft guns challenged them.

The eight heroes of the flight included Captain Hsu Huang-shun, commander of the squadron, Tung Po-yen, Vice-Commander of the squadron, Chiang Shao-yu, Su Kwang-hwa, An Hsi-chiu, Mei Yuan-pai and others. The Chinese planes took off for Japan at 11 o.clock May 19 and reached Kiushin, Japan's southern most island, at about 3 a.m. whence they proceeded to Osaka. There the raider dropped tons of leaflets, urging the Japanese people to rise up against the militarists who are responsible for the present armed aggression in China. After their mission, the Chinese airmen left Japan and returned to their base safely at 10 o'clock May 20 They were met by a brass band and government officials. The raid on Osaka lasted 20 minutes.

Well informed circles in Hankow stated that opinions were at first divided regarding the raid. Some officials proposed that Chinese aircraft should bomb Tokyo and Osaka in retaliation of the indiscriminate bombing of Chinese cities by the Japanese; while others maintained that the Chinese have no enmity toward the Japanese people and that they should not suffer for the ruthless acts of their militarists on Chinese soil. The proposal of the second group was finally adopted. In this connection, it was learned that Madame Chiang Kai-shek, an influential member of the Air Force Commission, was among those opposed the proposed bombing of Japan.

Showing the value of the "hand-outs" given foreign newspaper men in Shanghai by the usually misinformed spokesmen for the Japanese army, navy and embassy, the spokesmen at the press conference here May 20 ridiculed the Chinese Government's claim that its planes had showered propaganda leaflets on Osaka and Sasebo.

"It's Mme. Chiang's idle dream," said the representative of the Navy.

"The report is too childish," declared the spokesman for the Army.

"The claim is a bit of propaganda designed to cover up the loss of Hsuchow," added the Embassy official.

The latter admitted that no information on the raid had been received here by 5 o'clock May 20, but asserted that this fact in itself was a proof that there has been no raid on Japan. Had there been such a raid, he declared, the Japanese authorities here would have been advised of it immediately by the Tokyo Government.

The Navy's spokesman said a raid of this nature was "quite impossible" because the Chinese air force lacked both equipment and trained men for such an undertaking.

British Comment

The Chinese planes which have been flying over Japanese cities scattering leaflets calling on the Japanese to overthrow their military caste, have done a very significant as well as a very dramatic thing, the *New-Chronicle* said in a leading article headed "Better than Bombs." One of the principles of Japan's present Government, the newspaper said, is suppression of all news unfavorable to the Government and its policy. But how is that possible, the *News-Chronicle* asked, if news is going to drop from the sky.

IS THE "TA TAO" GOVERNMENT A FORMOSAN SET-UP?

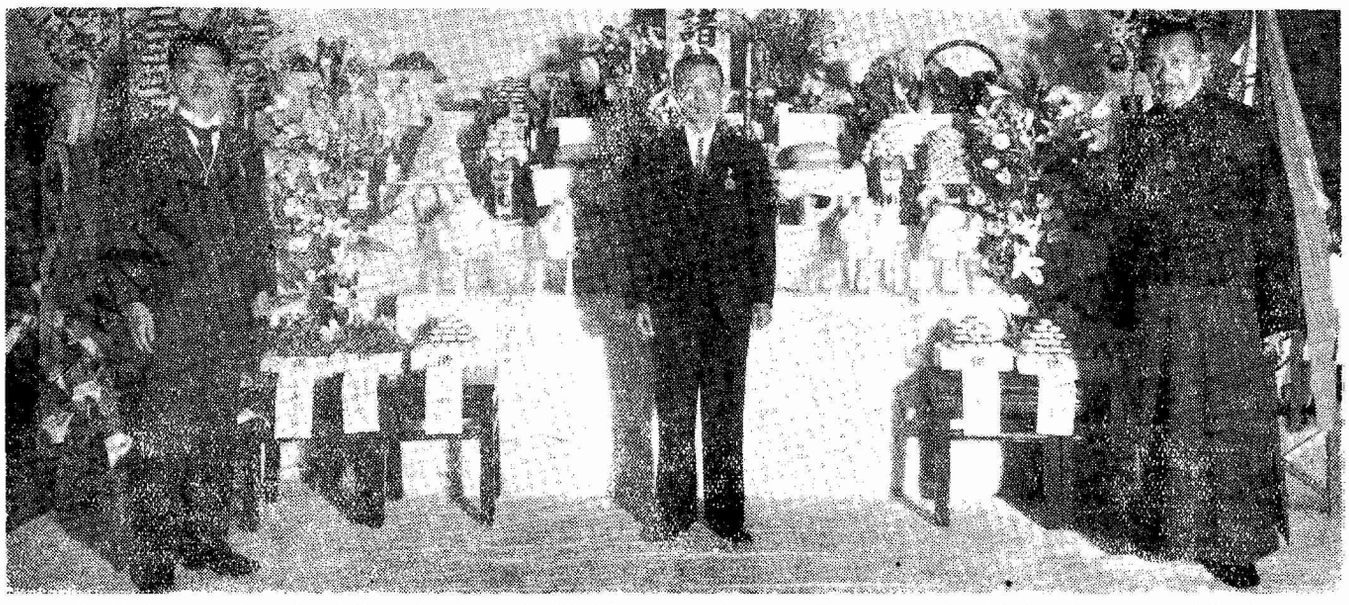
Officials of the "Ta-Tao" or "Great-Way" Government set up by the Japanese Army to administer the Shanghai district, are said to be mostly Formosans. Aside from the Mayor, the man, wearing black jacket, with Chinese clothes standing at the left end of the table, is Wang Tzu-hui, Minister of Industry at Nanking, who also is a Formosan.

"Mayor" Su Hsi-wen, of Shanghai, said to be a Formosan.

THERE is increasing evidence that the Japanese Army is planning to "colonize" the Shanghai district with Japanese subjects of Chinese blood, brought here from Formosa. The puppet "mayor" of Shanghai, who has his office in the Pootung area, is said to be a native of Formosa who resided for many years in Fukien province where he was connected with the Japanese intelligence service.

According to an article in the Tokyo magazine *Shuho*, weekly edition of the *Official Gazette*, which was written by a secretary in the office of the Formosan Governor-General, the Japanese Army and Navy authorities have found the 5,000,000 Chinese residents of Formosa most useful in the present war. Many specialized products such as castor-bean-oil for use of airplanes, hay and forage for the cavalry and other essential items are now produced in Formosa.

Of greatest significance was the recent action of the Japanese Army and Naval authorities in transporting some 3,000 Formosan farmers to Shanghai where they have been established on lands confiscated from Chinese farmers in the Shanghai district. According to reports in the Chinese papers, the Formosans are being established in the areas to the west of Shanghai and in the Jih-Hui-Kong district southwest of the city. The Shanghai *Nippo* on April 27 told of the departure from Taihoku of 1,000 Formosan farmers who were presented a flag by the Governor-General. Aside from the farmers, large numbers of laborers also have been brought here for service behind the Japanese lines.



Su Hsi-wen, "Mayor" of Shanghai (center) with his two assistants. The one on the left is a Japanese, while the man at the right, whose name was not disclosed, was also said to be a Formosan. This picture and the one at the top of the page were taken on the occasion of a recent memorial service to Japanese soldiers killed in the war. Most of the inscriptions on the food-offerings are written in Chinese and Japanese.

Millions Will Face Famine in War Districts

SEVERAL million Chinese in the war areas will shortly face the threat of an unprecedented famine as a result of the destruction of crops and draft animals as well as the commandeering of all available foodstuffs by the armed forces, Dr. John Earl Baker, Director of the Shanghai International Red Cross, stated in a radio message sent to the American Red Cross. Dr. Baker's report, which was dispatched May 18, was in response to the request from the American Red Cross officials for detailed information on the refugee and relief situation in China. Material contained in Dr. Baker's message will be used in the United States in the publicity campaign aimed to raise U.S.$1,000,000 for relief here.

"First hand accounts for the general portion of Kiangsu show that all draft animals, cattle, poultry have been consumed and the destruction of villages is proceeding steadily in an effort to destroy shelter for Chinese mobile units," Dr. Baker reported. Earlier spring prospects reaching the Shanghai International Red Cross indicated that there would be a 40 per cent wheat crop, but when the grain was high enough to conceal military bands, the occupying forces began systematically to destroy the crop together with mulberry orchards along the transportation routes, the message continued. Due to lack of draft animals, man-power and tools, rice-planting this spring is only a fraction of normal, Dr. Baker stated.

CONVALESCENCE?

—From Marianne, Paris

"There can be no peace until the two wounded legs are healed!"

At the same time, farmers know that any crop planted in excess of absolute personal needs will be commandeered by the armed forces or bandits who subject the peasant families to torture in order to induce them to reveal additional stocks of food, the message explained.

Banditry Rampatt

Probably an equal account of distress, Dr. Baker continued, is being caused by bandits who are able to operate unmolested kn the rear of Chinese mobile units, since the latter are fully occupied with their enemy in front. "Destruction of Chinese local governments and the complete neglect of policing by invaders renders inevitable the progrrssive destruction of rural construction," the message said. At the present time, there is no extensive starvation, but there is much hunger and under-nourishment among the war victims, the regort explained. The most critical time will be next winter due to exhaustion of private resources and the complete lack of food supply from the ssrrounding countryside.

Dr. Baker explained that the present war area almost completely covers six provinces of Suiyuan, Chahar, Hopei, Shansi, Shantung and Kiangsu and one third of Anhwei and Chekiang. The area includes 589 counties, with a population of 149,000,000. In Kiangsu, he said, a large proportion of villages along the canals, railways and highways have been razed. A considerable portion of the larger cities, he continued, have been gutted. Areas between transportation routes, he stated, have been thoruoghly combed by armed forces for food and loot. The present hostilities around Hsuchowfu, Dr. Baker reported, are comparable in intensity and area to the conflict around Shanghai. Although the International Red Cross has received no eye-witness reports, the refugee situation is believed to be similar to that of Shanghai.

In Shansi, the report went on, bitter warfare between invading forces and the so-called Red Army resulted in the complete destruction of productivity of a province which is known as marginal subsistence territory. Dr. Baker explained that out of the 149,000,000 people in the war areas, some 30,000,000 have fled from their homes, resulting in serious refugee conditions in the adjoining provinces. In Shanghai, he said, 170,000 people are subsisting on charity and are being fed and housed by the International Red Cross. He pointed out that funds available for relief purposes will be exhausted by July 1.

Wuhu Convent Appeals for Funds

Money and medical supplies are needed by the St. Lioba's Convent of the American Church Mission in Wuhu to enable the institution to carry on its relief work among several hundred refugees who are now living on its compound, a message from the Anhwei city revealed last week. The Convent is one of the two American mission organizations which has been doing extensive relief work in the Wuhu area since the war shifted to that sector. This work has resulted in a heavy drain on the institution's finances which at present need immediate outside aid. One phase of the relief program of the Convent is the clinic which it maintains. This work, with the approach of the hot weather, is helping to keep down the mortality rate among the refugee population. As the clinic is operated chiefly. for the poor, no fees are charged in most cases. The mission workers have made it a policy not to send away any person because of lack of funds, information reaching here stated.

The Convent's clinic is working with the Wuhu General Hospital of the Methodist Episcopal Mission. Patients needing surgical operations are sent to the latter organization. During January to October 1937, the Convent paid some $995 to the Wuhu General Hospital for charges on surgical work on patients sent by its clinic. At the present time, the Convent is feeding and clothing several hundred refugees in its compound. In addition, it is caring for 29 babies who were abandoned by their parents at the gate of the Convent. These babies are being kept at a special ward until they are adopted into suitable homes. Information reaching here revealed that the Convent is spending a considerable amount of money in caring for these infants. The bill for powdered milk alone has totalled some $900 since January.

Roosevelt Appeals Again

For the second time since the start of the Sino-Japanese hostilities, President Roosevelt on May 15 called attention to the plight of Chinese civilians and renewed his plea for relief contributions to the American Red Cross Society. He wrote to the Red Cross Society praising the campaign to raise U.S.$1,000,000 for a Chinese relief fund. "It is my belief," the President wrote, "that when the appalling and increasing distress of those innocent sufferers will be made known to the American people they will desire to contribute . . . . to meet a pressing human itarian need.' Contributions to date total U.S.$170,000 in addition to the U.S. $200,000 from the Red Cross Society treasury.

Time Explains Red Cross Failure

Whenever U. S. citizens are asked to contribute to the Red Cross by whoever at the time happens to be U. S. sresident, the prestige of his great office has usually been enough to turn the trick. U. S. citizens have rrsponded to Franklin Delano Roosevelt's appeal that they give the Red Cross U.S.$1,000,000 or the succor of the Chinese people by contributing to date some U.S.$120,000, says *Time*, April 25.

One reason for this apathetic response was that the President's appeal in January was soon blanketed by subsequent world headlines. Another reason was that the chairmanship of the Red Cross has been vacant since the death of Admiral Grayson. Last week President Roosevelt persuaded his grey and graceful Ambassador-at-Large, Norman Hezekiah Davis, to take the vacant post. The Japanese Red Cross has saved charitable U. S. citizens large sums since the beginning of the war in China by answering in the negative a question by the American Red Cross as to whether it needed money. Japanese gratefully accepted U.S.$10,000,000 from the American Red Cross at the time of the Tokyo earthquake, but in their present emergency they feel able to stand on the feet of the Japanese Red Cross.

The Chinese Red Cross, ever since China was invaded, has been thankfully accepting from the American Red Cross sums which now total U.S.$370,000. Of this U.S.$100,000 was appropriated by the American Red Cross from its general fund before the Roosevelt appeal, and another U.S.$100,000 was added from the same source early this month. Private donations prior to the appeal amounted to about U.S.$50,000. Chairman Davis keeps hearing from U. S friends of China that, whereas Japan got U.S.$10,000,000 after her earthquake, the American Red Cross in the last three decades has sent only about U.S.$3,000,000 to succor Chinese flood and famine victims, and only one eighth as much has gone to China in her present hour of need. Already the British Red Cross and the Lord Mayor of London's fund have raised and sent U.S.$500,000, and various U. S. organizations including church Groups have sent U.S.$1,000,000, so that the American Red Cross is very much upon its mettle. It is handicapped by the fact as a matter of long policy it never itself initiates formal drives for foreign causes, depending on appeals like the President's to bring in the funds.

Hankow and Canton—Japan's Next Objectives

THIS week, the world at large, expressing confidence that the Japanese capture of Hsuchow on May 19 did not mean the conquest of China, did wonder whether the Chinese commands would squeeze their bulky armies through the tightening net General Shunroku Hata was drawing around the Hsuchow area and, if so, could the Chinese quickly consolidate on a new defense line; or would they, disorganized, fail to block a swift march on Hankow by the Nipponese. The world did not have long to wait for the answer. Four days after Japan had taken Hsuchow, the entire Chinese army had slipped through the cordon of Japanese troops, with only 1,000 casualties, crossed the Tientsin-Pukow Railway to the westward and formed a junction with the remainder of the government troops. Along with them came the heavy guns and other mechanized equipment. Quickly they consolidated their new positions and presented a new stonewall to the Japanese march southward. And what was a gloomy military prospect for the Chinese had shown a complete change. Optimism returned to Hankow with the news that General Li Tsung-jen and other high commands had withdrew in an orderly manner. Immediately, the order went back for a counter-attack.

And, as Japan began what they termed "mopping up" operations in the Hsuchow area, foreign correspondents, through the courtesy of the Japanese army, arrived on the scene in a military plane. For the first time, Japan allowed American, British and French newsmen to inspect a victory with a "Made in Japan" label. *Associated Press* Man Elmer Peterson, *Reuters'* S. Moosa, Philip Messalier, of the *Journal de Shanghai* and *Le Petit Parisien*, and Robert Horiguchi, of the Japanese *Domei* watched buildings burn and with General Hata, remarks *Reuters'* naive correspondent, supped "tea, chocolates and salted Japanese biscuits, supplemented later with iced stout and beer." It was a gay party, *Reuters'* newshound noted in his dispatches, touched with ecstacy. He noted vaguely and delightedly: "For reasons which will be readily appreciated, no more specific definition ('With the Japanese forces on the Southern Tsinpu Front) can be given. Framed against the window of the Commander-in-Chief's room was a quiet garden, with birds chirping in the trees. The only reminder of war, and it was a constant one, was the persistent drone of Japanese planes vigilantly patroling the skies, or bound on bombing expeditions." But what *Reuters'* fact-digger-outer was thrilled to reveal was that General Hata was thrilled to know that the gentleman from *Reuters* had made his first flight in an airplane . . . . And all the while, men charged each other savagely, fought and died. Armies grappled . . . . and to the south some 200,000 Chinese wondered if they would see tomorrow. Bombs fell, and families—a hundred, perhaps a thousand families, were scattered in fragments no coffin would ever hold . . . . but "birds chirped in the trees"—as well place for a summer vacation.

Japanese Want Drive on Drive Hankow

But, as Japan's offensive gathered momentum south of Hsuchow, converging on Kaifeng, capital of Honan Province, where China's troops this week are putting up a desperate defense, a slogan swept the Japanese army, swept the Empire of Japan. The slogan was: "On to Hankow and Canton." Even as the man in the street urged this, General Hata, sipping tea and iced beer on the Hsuchow front with foreign correspondents, announced: "We intend to go on to Hankow." Jubilant Japanese troops were demanding a drive on China's capital in order to "capture Chiang Kai-shek alive." An immediate drive not only on Hankow but on Canton to accelerate the termination of hostilities and bring the Chiang administration "to terms" is being advocated by officials and representative citizens throughout Japan, a press survey showed. The many advocates of a drive on Canton declared that the Japanese occupation of Amoy and Hsuchow had "shocked South China, especially Canton," where extreme unrest was reported to be prevailing.

The Chinese withdrawal from Hsuchow has now shifted the major battle front to Honan. On May 24, Chinese troops were stated to be launching a desperate counter-offensive, employing mass tank attack, in an effort to halt the Japanese advance.

Two Japanese columns were pressing upon Kaifeng, according to Chinese reports. One of these, advancing from Chihsien, south of Lanfeng, is stated to have reached Hsinlung station, east of Kaifeng, while the other, from Lanfeng, is said to have reached Lowang, another station east of the Honan capital. Chinese forces, advancing westward from Kweiteh along the Lunghai Railway, reached Lanfeng on the night of May 23, Chinese sources state. In north Anhwei, Chinese troops are said to be besieging Mengchen. The Chinese, military dispatches from the front assert, reached the western suburbs of the city on May 21 and subsequently occupied the Japanese airdrome outside the southeast gate. Fierce fighting is also said to be taking place west of Hofei, where the Chinese and Japanese are battling for position on the strategic hill of Tashushan.

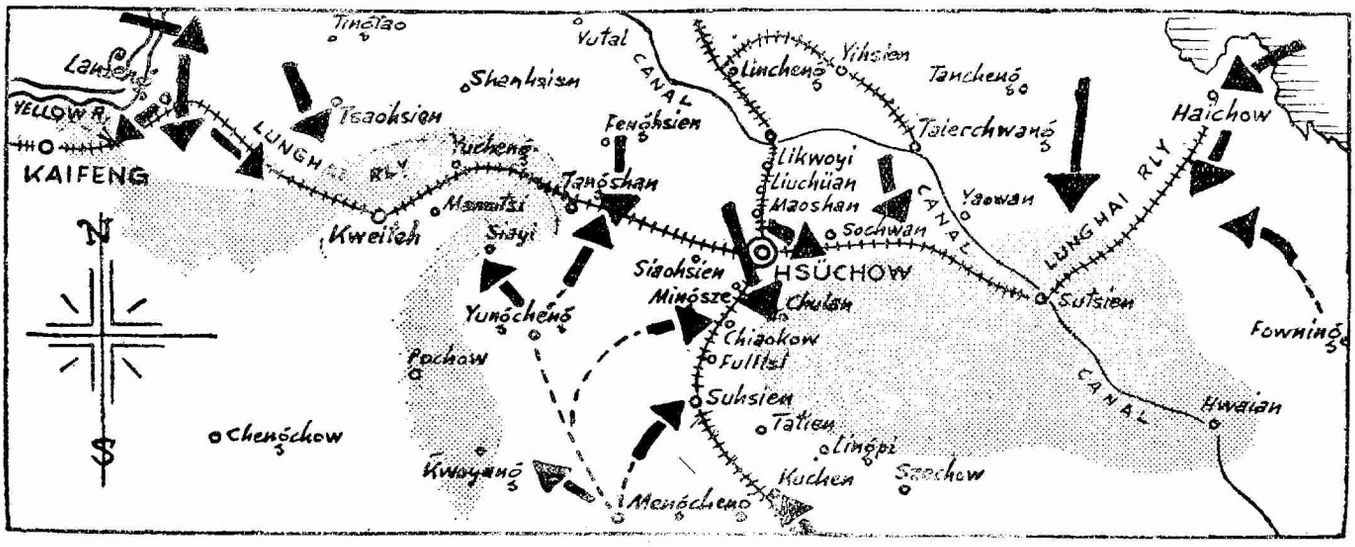


Diagram Showing the Fighting on the Lunghai Front. Shaded Arease are Chinese Positions. *Courtesy of the North China Daily News.*

Optimism in Hankow

Chinese, in Hankow, were putting forth every effort to maintain optimism on the war situation. This week, General Chen Cheng, director of the Political Affairs Department of the Military Affairs Commission, said that the fall of Hsuchow did not signify the defeat of the Chinese forces. The Chinese troops in the Hsuchow sector, he said, withdrew to designated posts for strategical reasons. The fighting in Hsuchow was in no sense decisive, but was merely a stage in the campaign of prolonged resistance, General Chen continued. In this campaign of prolonged resistance, the capture of one or two cities does not mean attainment of the ultimate victory. The fall of a city like Hsuchow, the general said, does not settle the Sino-Japanese issue. China's dogged determination to resist the invaders remains unshaken.

But, as Japan penetrates deeper and deeper itno China, she finds her weakest link in the chain at her rear. In her wake is only chaos. She does not hold for any time places captured. As Japan's army moves on, Chinese guerillas close in at her rear. Each day, it would seem, Japan's problem of controlling what she grabs is becoming more difficult.

Guerillas Near Here

Although owing to the restriction of movement in the areas surrounding Shanghai, it has been impossible to obtain detailed, accurate information on the movements of Chinese guerilla forces, it has been ascertained on high authority that a large-scale engagement between the Japanese forces and Chinese roving bands has taken place near Minghong this week.

The heavy thud of artillery has been heard clearly in Shanghai on several occasions, and May 24 it was disclosed that the firing had taken place in the vicinity of Minghong. The fact that artillery was being employed by the Japanese at all, a foreign military official pointed out, seemed to indicate that whatever the strength of the Chinese might be, they were occupying positions which necessitated the use of something heavier than machine-guns to drive them out. While it was stated officially by the Japanese recently that target practice was taking place in the countryside, the irregularity of the artillery firing has led to the belief that the targets in this case were military objectives, probably fairly strong fortifications held by the Chinese.

World Comment on the Fall of Hsuchow

MORE pessimistic than other important cities of the world over the fall of Hsuchow was Hankow who, according to *Reuters*, saw serious consequences affecting both the internation situation in China and China's international position as the result of Japanese occupation of the city at the junction of the Tientsin-Pukow and Lunghai railways. Before the battle really developed, it was freely stated in authoritative circles in Hankow that the battle of Hsuchow would be the decisive one of the whole war. Admittedly, the phraseology optimistically envisaged that the Japanese armies would be checked in their fight for Hsuchowfu and, possibly, in the end be actually defeated. On the other hand, it cannot be denied that the Chinese armies' sudden withdrawal has caused at least a somewhat painful impression in Hankow.

Perhaps the most significant consequence of the Chinese with drawal from Hsuchow will be the inevitable fall from favor of General Li Tsung-jen, the Kwangsi warlord, *Reuters* remarks. Following the failure of the Communist armies to win any spectacular victories in Shansi province, Chu Teh, who had come to be the nation's hero next to General Chiang Kia-shek, lost his popularity, which was transferred to General Li Tsung-jen, the "hero of the victory of Taierchwang." Young boys and girls flocked to Hsuchowfu to join General Li Tsung-jen's army, wanting to do their share to help the great Chinese soldier and national hero of the moment.

Politicians and opportunists also flocked to Hsuchow to establish personal contact with General Li Tsung-jen so that when the "Kwangsi Group" eventually came to power they would "get the pickings." Those dreams now appear to be over. Public opinion in China is well-known for its fickleness, and it is generally believed safe to predict that General Li Tsung-jen has, with the loss of Hsuchow, fallen at least temporarily from favor—and with him the prospects of the "Kwangsi Group."

Chinese Press Not Alarmed

Less pessimistic was the Chinese press. Commented the *Ta Mei Pao*:

"The Japanese may consider the Chinese withdrawal from Hsuchow as a great victory, but such a victory would be hollow if the Japanese fail to give their opponents a death blow during the present battle at Hsuchow. On the other hand, a systematic withdrawal of Chinese troops from the railway city will give us a chance to enforce our new tactics." The paper predicts that if the Chinese should effect a strategic withdrawal from Hsuchow, important military developments in favor of the Chinese will occur within the next few weeks.

Commenting on the situation on the eastern front, the *Hwa Mei Chen Pao* declares that it would be better for the 400,000 Chinese troops now engaged in a desperate contest at Hsuchow to extend their activities toward both the north and south of the city in order to frustrate the Japanese attempt to occupy the whole line of the Tsinpu Railway. The question of Hsuchow, the paper opines, does not concern the present military situation as a whole. The loss of Hsuchow may produce some unfavorable effects on thet Chinese side, but it would not prove to be of advantage to the Japanese, for if the Chinese transfer 400,000 of the 800,000 troops now operating on the eastern front to Honan and Anhwei and station the rest at Hsuchow, Kweiteh and Hofei for launching a big encircling attack, the invaders are bound to encounter greater difficulties and suffer more serious losses.

The *Morning Leader* warns that "China is now facing another crisis after the fall of Hsuchow. The crisis is political in nature, that is, another chance for peace talks. As we well know, Japan's present campaign of conquest in China has met with extreme difficulties. Although she has now occupied Hsuchow at a high cost, Japan has not forgot her desire to conclude a peace with China under favorable conditions. The occupation of Amoy may also be taken as an indication of her attempt to induce Great Britain to mediate in the present armed conflict."

Japanese Press not Optimistic

The Japanese press showed no outward manifestations of optimism over the capture of Hsuchow. The *Shanghai Nippo* commented: "It is absolutely wrong to believe that the occupation of Hsuchow has in any way removed all obstacles in Japan's military campaign in China. It is also mistaken to say that the occupation of Hsuchow has in any way weakened China's military strength. The occupation of Hsuchow is undoubtedly very important to Japan. It will increase the friction of political parties in China. Chinese Communists will become more active and will consolidate all the more their position in the Chinese Government. It will make it possible for the anti-war elements in the Chinese Government to gain more power which will eventually force Chiang Kai-shek to resign. The occupation of Hsuchow indicates further that China does not have sufficient military force to resist Japan. This will help the foreign Powers to realize the fact that they have adopted a wrong policy vis-a-vis the China Incident. It is expected that with the occupation of Hsuchow by the Japanese troops, the foreign Powers will not give as much assistance to China as before."

It is "premature" to believe that the fall of Hsuchow is a very serious blow to Gen. Chiang Kai-shek or that it will invite a complete collapse of the Hankow administration. This bold view was expressed editorially by a number of Tokyo newspapers, headed by the influential *Nichi-Nichi* and *Miyako*.

Japan, the two papers declared, must proceed with her fixed policy of chastising the anti-Japanese administration in China and must face the next phase of the hostilities with the same firm determination that has been displayed thus far.

The *Kokumin*, another leading newspaper, declared that the Japanese Army must follow the Nationalist Government wherever it goes,—Hankow, Chungking or Kwenming,—and exterminate it. In dousing the optimists with cold water, the *Nichi-Nichi* and *Miyako* said the occupation of Hsuchow is but one of the many steps Japan must take to root out Gen. Chiang Kai-shek's administration. *Domei* offices throughout Japan reported new indications of a growing demand for a "march on Hankow."

Claim China Advisers Split

The unexpectedly early fall of Hsuchow widened a gap between Soviet military advisers and other military advisers of a "certain nationality" on the question of responsibility for the Chinese defeat, the *Tokyo Nichi-Nichi* commented. Soviet military advisers in China held that China should concentrate her efforts on disturbing the areas in the rear of the Japanese forces by guerilla tactics, the *Nichi-Nichi* said. On the other hand, "advisers of a certain country," said the newspaper, "remained adamant, urging the concentration of large Chinese forces along the Lunghai Railway with Hsuchow as a center. The latter tactics were employed by Gen. Chiang Kai-shek, the journal said.

American Comment

The *Asahi Shimbun* correspondent in New York sent the following dispatch to his paper:

The large-scale enveloping battle of the Japanese troops against the Chinese troops in Hsuchow and environs are being given large space in the American newspapers. American military experts have the following views in general: "The present enveloping battle is comparable to the Mukden Battal in the Russo-Japanese War judging from the number of the participating units and the political effects it would give. Moreover, seen from the standpoint of the extent of the fighting line and other respects, the present battle is a larger one than the Mukden Battle.

"The Japanese troops during the last few months did not take any spectacular action but this tells of the cautious preparations for the present big battle. According to the fighting so far developed, the Japanese troops, as expected, have been displaying their courage and technique and going ahead for the attainment of their original objective. Scores of thousands of Chinese troops have been enveloped and they are expected to pay large sacrifices. The present battle is expected to end by about the time of the Naval Memorial Day on May 27. Such a big battle as the present requires much time for the preparations and cannot be started easily. The time has now come for the Japanese Army, heretofore exercising patience and caution, to display its true strength."

British Views

Although the gargantuan Japanese claims on the Hsuchow front are taken with some grains of salt, London agreed that the Japanese have gained an important military success. The scattered comments of several newspapers, however, are united in agreeing that the loss of Hsuchow does not imply the conquest of China. Only if the Chinese armies insist on staying too long round Hsuchow can General Count Terauchi, Commander-in-Chief of the Japanese Expeditionary Force in North China, get the "annihilating" victory he is claiming in advance, says the *Birmingham Post*.

William III, of England, the journal adds, was said to have "lost every battle he fought and won every campaign," and General Chiang Kai-shek is in much the same position.—

In an editorial on the fall of Hsuchow, *The Times*, London, remarked:

"Hitherto the Japanese do not seem to have won the decisvie battle of which they dreamed, and unless they can inflict disastrous losses on the excellent Chinese troops which have withdrawn from Hsuchow their tactical success will not have brought a strategical triumph any nearer." The editorial refers to the big decrease in Japan's imports and raw materials, and an increase in her imports of oil, metals and machinery. It discounts the possibility of Japanese "puppet" administration is Central China exercising the slightest real authority, or of any secessions from the Chinese armies or provinces.

German and Italian Remarks

The Chinese forces on the Hsuchow front resisted much longer than expected, and the occupation of the city does not mean a great victory for Japan, political circles in Berlin emphasized. The morale of China's armies has not been lowered by this defeat, and "the Sino-Japanese war goes on more than one front," as the *Deutsche Allgemeine Zeitung* writes. This organ points out: "The same troops attack and defend themselves in too wide an area and one cannot speak of an uninterrupted line. Therefore Japanese landing at any point on the coast or making a sudden crossing of the Yellow River is not surprising."

In commenting on the fall of Hsuchow, Signor Virginio Gayda, considered the mouthpiece of Mussolini, in an article in a Rome newspaper, blamed "the great plutocratic democracies" for three errors :

1. Complete misunderstanding of the needs and vital interests of Japan.
2. Fatal and irresponsible encouragement given to Chinese resistance, and
3. Under-valuation of Japan's resources and capacity.

"The war," Gayda asserts "is not yet finished. There will be further bloody episodes and surprises but its course has already shown the mistake of a policy which, while declaring itself on the side of peace, encourages conflicts, and drives the helpless against the capable, to abandon them at the supreme moment."

Shanghai Firms Report Profits for 1937

FURTHER evidence of Shanghai's ability to emerge from chaos and forge ahead in the face of manifold trade restrictions was seen in the numerous annual meetings of local companies held this month, at which, in the majority of cases, profits were reported and dividends declared.

Reports of insurance companies dominated the list of firms presenting reports to their shareholders. The Far Eastern Insurance Co., Ltd., reported a balance at the credit of the profit and loss account of $355,811.37, after alloting $168,421.05 to the reserve for outstanding losses. The company declared a dividend of $2 per share with a bonus dividend of $1.30 a share.

The Canton Insurance Office, Ltd., reported a surplus of $972,385.41 out of which an interim dividend of $5 per share already had been paid. A further dividend of $8 per share, making $13 in all, was authorized.

The Yangtsze Insurance Association granted shareholders a dividend of $3.50, a bonus of $1 per share and a bonus of 20 per cent to contributors of Contributory Marine Premium. The company reported the balance at the credit of the profit and loss account to be $2,038,064.91, after making the transfer of $1,669, 565.22 and provision of an additional $505,263.16 to the reserve for outstanding losses.

A dividend of £3 was authorized by the North China Insurance Co., Ltd. They reported their balance at £93,010.15.9, after making the transfer of £70,000 to the reinsurance fund and £20,000 to the reserve.

The Taishan Insurance Co., Ltd., reported a profit of $34,017.18. The company did not declare a dividend, but suggested that the surplus be apportioned to strengthen the various reserves of the firm.

Asia Life Shows Good Profit

The Asia Life Insurance Company reported a net profit of $367,794.21 from the year's operations not including the non-recurrent items which amounted to another additional sum of $51,270.79, bringing the total sum for the year to $419,065. The company paid dividends to policyholders amounting to $194,751.54 while a 10 pre cent dividend per share was voted to shareholders. They reported that total assets of the company increased by $1,250,639.94 during 1937 and insurance in force also jumped from $59,559,470 to $63,156,776, the highest figure in the company's history.

The British & Foreign Marine Insurance Co., Ltd., reported a profit of £15,530 9s. 0d. and the interest earned during 1937 was reported at £127,481 16s. 7d. Plus the interim dividend of 27/6 paid in October, the company authorized a final dividend of 27/6 per share.

The Anglo-Java Estates, Ltd., reported as follows :

During the year the combined working profits of the three Java Companies, amounted to Guilders 635,935.55 before deducting the Agency fees of Guilders 18,000.—which are in reality only a transfer to the Shanghai company. Of this total Limburg Estate contributed a profit of Guilders 407,997.15, Djarangan Estate earned Guilders 244,132.14 whilst the Kali Glidik Company showed a loss of Guilders 16,193.76. This latter loss, in spite of the miserable price for coffee that ruled throughout the year under review, is some Guilders 6,660—less than it was for 1936. A final dividend of 50 cents per share was authorized.

Shareholders of the Naamlooze Vennootschap Maatschappij Tot Mijn-Bosch-En Landbouwexploitatie in Langkat accepted an offer from a Netherlands company to purchase certain oil concessions. Officers, pressing in favor of the sale of their various ventures in connection with gold, platinum and diamonds and timber, noted that the losses from these ventures since 1934 had reached nearly two million dollars. The company reported a debit balance.

The Anglo-Dutch (Java) Plantations reported a profit of Guilders 252,956.80 as compared with a profit of Guilders 81,053.64 last year. A dividend of 10 cents per share, making a total of 70 cents per share for the year, was granted.

Messrs. Gordon & Co., Ltd., reported reverses for 1937 as the result of hostilities here. They noted in their report that "Our financial year opened with extremely good prospects of very attractive results, but the cessation of business generally in this area, particularly that of construction and development work on which we depend, for our larger contracts, caused us to fall back upon the contracts we had secured in the first half of the year." Their loss for the year was small.

Telephone Company Gains

The annual report of the Shanghai Telephone Company shows that the substantial increase in net income for 1937 over 1936 amounting to Ch. $350,982, results from an improvement in operating revenues together with decreases in operating expenses and interest charges. The results for 1937 would have been still more favorable except for the extremely adverse economic conditions which prevailed in Shanghai subsequent to the outbreak of hostilities in August. All known and anticipated losses to date arising out of the hostilities have been reflected in the accounts. Property damage of Ch.$630,873 and extraordinary repairs of Ch.$121,351 were charged against the reserve for depreciation while other extraordinary items were included in operating expenses. As mentioned in last year's report, the company issued on March 1, 1937, First Mortgage Six per cent Silver Dollar Debentures, Series C, maturing August 1, 1957, in the amount of Ch.$4,000,000, the proceeds of which were used for repayment in part of outstanding bank loans. During the year, the company repaid instalments on its Second Mortgage loans to the extent of Ch.$2,797,203 (equivalent to Tls.2,000,000), the final instalments being paid on December 31, 1937. These payments were made partly from the company's surplus funds and partly by means of overdraft facilities granted by the Hongkong & Shanghai Banking Corporation. Short term obligations amounting to Ch.$7,697,203 at December 31, 1936 were reduced by Ch.$5,871,723 during the year to Ch. $1,825,480 at December 31, 1937. Short term obligations at December 31, 1937 consist of a loan of Ch.$500,000 from the Bank of China and an overdraft of Ch.$1,325,480 from the Hongkong & Shanghai Banking Corporation.

A profit of over $20,000 made from January to July, 1937, dwindled to a profit for the Shanghai office of $2,436 from then to the end of the year, according to the report of Millington, Ltd.

Old Dock Sold

The Old Dock, formerly the property of the Shanghai Dock & Engineering Company, has been sold to Mollers' Limited for £70,000, E. Moller, Sr., said last week. As soon as conditions will permit, Moller added, the dry dock will be filled in and warehouses as well as residences for the staff will be built in addition to a workshop. In other words, the Old Dock, which was constructed in 1862 for Farnham & Company and was taken over by the Shanghai Dock & Engineering Company in 1906, will in future be the home of the Moller fleet. This incidentally was increased by another two units recently when the Deike Rickmers and the Etha Rickers, both 8200-ton vessels, became the Helga Moller and the Gladis Moller respectively. Moller further added that a number of tugs and lighter craft had been bought by him in Australia and are now being brought here to be added to the imposing number of ships already flying the Moller house flag.

Rumors had been current that the buyers of the dock were Japanese. This was denied.

Anti-Japanese Propaganda Found on Gum Wrappers

Japanese devotees of gum chewing will henceforth look twice before they buy their favorite brand of the resinous chew. If they do not, officials of the Kanagawa Prefectural Government indicated May 12, they might be found guilty of disseminating anti-Japanese propaganda. Utilization of chewing gum wrappers as media of propaganda was discovered by the Prefectural Government's Foreign Section sleuths when they boarded Trans-Pacific liners arriving in Yokohama from Honolulu. An investigation showed that a firm in Philadelphia is manufacturing a hundred varieties of gum with wrappers carrying anti-Japanese slogans and caricatures. Some pictures depicted Japanese soldiers bayoneting their Chinese adversaries. The gum, the officials said, was sold widely in Hawaii, where Japan-bound passengers bought it. There are indications, the officials revealed, that an "undetermined amount" has been smuggled into Japan.

Explosion Probed At "Tung Wen College"

Police authorities May 17 were continuing an investigation of the explosion of a tin-type bomb in the compound of Tung Wen College formerly Chiaotung University, on Avenue Haig May 14. The explosion caused no injury to students or the staff at the school and did not damage the building. Investigations to date have not yet determined whether the explosive was thrown into the compound of the college on that day for the purpose of damaging the building, or discarded there previously.

Hall-Patch, Sansom Arrive in Kobe

E. L. Hall-Patch, Financial Adviser to the British Embassies in China and Japan, and Sir George B. Sansom, Commercial Counsellor to the British Embassy in Japan, arrived in Kobe May 17 after a North China inspection trip. They continued their journey to Tokyo by train.

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Red Hornets of China Sting the Japanese

BY F. TILLMAN DURDIN, *in the New York Times*

THE expansion of Communist influence and the change in the Communist program have been among the most important developments in China in the past year. The party and its leaders have forsaken the more radical agrarian policies and are now committed to a program which calls for establishment of a bourgeois-capitalist democracy in China, and they are resolutely backing a United Front Government with that objective in view.

The extent of the mass support the Communists command and the Communist insistence on mass participation in the struggle against Japan have had the general effect of encouraging a swing to the left on the part of the government as a whole. Radicals, liberals, progressives and nationalists in large numbers now find themselves in sympathy with the Communists, and although the Communists participate in the Central Government through actual representation to only a small degree, their influence has strengthened the hand of the liberals and leftists already there. This latest phase of the Communist movement dates from the conclusion of peace with the Central Government early in 1937 on the basis of a united front against Japan. Prior to this rapprochement the Communists for ten years had been incessantly struggling against efforts of the Nanking government to wipe them out of existence. Five successive "extermination" campaigns were waged against their sphere of control in Kiangsi Province. In 1935 a steamroller drive by half a million men under Chiang Kai-shek threatened the Communists with extinction.

The Red Army and its political leaders thereupon undertook the epic "long march," fighting their way 6,000 miles through Kweichow, Yunnan, Szechwan and Kansu to North Shensi. Ninety thousand Red soldiers started this march through some of the most difficult terrain in all Asia. They were en route a year, hardly a day of which found them free of attack by pursuing government armies. Only 20,000 of those who started reached Shensi.

Entrenched in Shensi

In Shensi the Reds expanded rapidly and thoroughly entrenched themselves. When a sixth "extermination" drive was launched in 1936 the logic of events played into their hands. The Chinese people had begun to seethe under continued Japanese encroachments. The Central Government's policy seemed bent on surrendering the country to Japan while hurling a well-equipped army against a section of the Chinese people who were, in the last analysis, but peasant revolutionaries fighting for what they deemed social justice. "Young Marshal" Chang Hsueh-liang's former Manchurian troops, sent by Chiang to fight the Reds, became impregnated with United Front ideology and Chang himself was converted to the proposals. The bizarre Sian revolt of December, 1936, was the result, climaxed by Chiang Kai-shek's kidnapping. And out of that came the truce. Chiang was won over to the viewpoint that "Chinese should no longer fight Chinese" and agreed to a cessation of the anti-Red campaign which he had so long supported.

The Communists made many concessions. They agreed to abandon their program of social change through revolution and instead to work by non-violent means for the achievement of the democratic aims of Sun Yat-sen, adopting his Three People's Principles—democracy, nationalism and livelihood—as a basis of their policy. The Soviets established in Communist-held territory were abolished and the confiscation of estates, redistribution of land and other radical agrarian measures were abandoned. The Kuomintang, the party in control of the government, agreed, in turn, that reforms already achieved in Soviet districts were to be allowed to stand. Five hundred thousand dollars monthly was to be appropriated for the support of the Red Army, which would continue under the direct command of its former leaders. Political prisoners were to be released and greater freedom was to be allowed in the expression of opinion.

It should be made clear that not all these things were incorporated in any written pact at the time of the Sian incident or soon thereafter. They evolved, rather, as negotiations progressed early in 1937 and concrete developments followed general understandings. Kuomintang and Communist manifestoes were issued from time to time explaining the general sense of agreements reached. Other changes in Communist and Kuomintang attitudes have occurred, particularly since the outbreak of the war with Japan.

When the Japanese launched their campaign last July they found the United Front—which by then had been strengthened further by the adherents of the anti-Communist Kwangsi faction—a very study reality. It has prevailed throughout the hostilities to date and quite probably will prevail for a long time to come. What the Chinese Communists are doing today is all within the United Front pattern. The party and the army have been consistently true to letter and spirit of their agreement with the Kuomintang.

The Red Army of 100,000 men has been incorporated into the national forces as the Eighth Route Army of the Eighteenth Army Corps. Under General Yen Hsi-shan it is operating over a wide area in Shansi. Equipped with practically no heavy arms and with an insufficiency even of light arms, the army has specialized in mobile warfare and guerrilla tactics. It has shown what can be done when army and people work together; but its achievements have perhaps been overrated. It is unsuited for positional warfare, which is necessary to halt main Japanese columns and prevent all Chinese communication lines and major cities from falling into Japanese hands. Regular Chinese troops who bore the brunt of the fighting and suffered terrible casualties around Taiyuan last October complained that the Red army, after all, gave them but little help.

Harass Japanese

There is doubtless much basis for their complaints. The Reds have so harassed the Japanese in their own fashion that they have made operations extremely difficult and the Japanese conquest of all Shansi a questionable venture, but their operations will not prove decisive unless organized troops are able to bar the Japanese along the main routes of advance. The Eighth Army has occupied nearly a quarter of Shansi, a large area in Northwest Hopeh and a sector of Southeastern Chahar. Most of the towns and villages under their control have been reorganized governmentally and many social reforms have been instituted, most of them in conformity with the Kuomintang Provisional Constitution. In Shansi, at the behest of the Eighth Army, 100,000 partisans, made up of villagers and peasants, have taken up arms to defend their homes and are in the field against the Japanese. They operate in groups of two to fifty, armed with clubs, swords and what guns they can capture from the invaders. They are a major factor in keeping the Japanese forever in fear of attack and forcing them to operate only in large groups.

Among all the people there has been intensive propagandizing to instill patriotic, nationalistic sentiments and fear of Japanese atrocities. The people have been taught the value and meaning of national resistance; told that the struggle against Japan is one of army and people together. Villagers have been taught to take all food, poison wells and destroy and facilities that might be used by the invaders, when they have to retreat in the face of Japanese advances. And they have been taught to return to the villages later and pick off unwary Japanese soldiers and block entry of supplies. While the Eighth Army's spectacular nature has kept this force in the limelight, the Communist leaders behind the lines have been engaged in activity of equal importance. In Hankow, for instance, the Communists have a headquarters in the Japanese Concession, and wield a wide influence. No doubt they maintain a skeleton organization throughout the Wuhan area, but they do not appear to be straining the United Front by open organization activity.

Among the leaders there are Chou En-lai and Chin Pang-hsien, who, with Chien-ying, took a leading part in the Sian negotiations in 1936. Chien-ying, former chief of staff of the East Front Red Army and ranking army representative, is in Hankow also. Recently a Communist newspaper, the New China Daily News, was launched; it is attaining wide circulation and influence. But the most colorful and famous of the Communist leaders remain in the field, either with the army in Shansi or in the former Soviet districts. Chu Teh, 51-year-old Commander in Chief of the Eighth Route Army, remains with his soldiers at Shansi; a reformed opium addict and once an old-line Yunnan official, he is as tough as steel. His vice commander, Peng Teh-huai, recently came to Hankow seeking a larger government appropriation for the army, failed to get it and hurried back to Shansi. Peng is only 39, a chubby, smiling man with a devil-may-care manner.

Will China Go Bolshevist?

Several questions naturally arise at this stage. Will the Communists eventually achieve power? Will China go Bolshevist? Is the United Front stable? Will the Kuomintang compromise with Japan in order to check a Communist movement of ever-increasing extent? Not all these questions can readily be answered. There seems little likelihood that China will go Bolshevist in the near future, however. In the first place, the Chinese Communists now maintain that a long period of bourgeois-capitalist development is essential in China before communism can be thought of as a possible achievement; industry has to be built up and a proletariat must come into being. In other words: the Communists have postponed to a distant and indefinite future their revolutionary program. They propose now to work for democratic-capitalistic development in China.

Even if the Communist party came into power in China it is unlikely that true communism would be an immediate objective. The party could scarcely gain control without petty

bourgeois. liberal and small-peasant backing, which would operate as a brake on too-radical tendencies. There would be reforms, badly needed, and even radical reforms, but not communism.

Moreover, Moscow—whose "lines" the Chinese Communists follow—appears to frown on any genuinely revolutionary upheaval in China now. The whole program is designed primarily to save China from Japan. This explains the United Front and even the stanch Communist backing of the Kwangsi faction; the Kwangsi leaders are basically Fascist in outlook, but they are also uncompromisingly anti-Japanese. Internally, of course, the Communists continue to work for democracy, agrarian reforms and elimination of bureaucratic corruption. In the former Soviet districts of the northwest, village, district and regional representative bodies have been elected to replace the Soviets. There the Communists evidently hope to consolidate, through elections under the Kuomintang system, the gains already made toward democracy.

For the present the Kuomintang-Communist United Front seems fairly stable. The close co-operation of the wings was emphasized at the congress held at Hankow early in April. Leaders of both parties are convinced of the prime necessity of maintaining the internal balance against Japanese pressure. Nevertheless, Kuomintang jealousy of the growing Communist power continues and smoldering enmity between partisans often flares up. No doubt widespread Kuomintang apprehension has been caused by the spectacular upsurge of Communist influence. The more progressive Kuomintang leaders realize that this is due at least in part to the short-comings of their own party and its failure to pursue faithfully the teachings of Sun Yat-sen and correct glaring political and economic abuses. These elements now advocate a more vigorous and progressive reform policy.

United Front to Remain

Predicting the future is risky, but it seems likely that while the war with Japan goes on the Kuomintang-Communist Front will remain intact. Of course, one cannot entirely rule out the possibility that the "peace faction" in the Kuomintang government will compromise with the Japanese as the struggle grows more and more hopeless. In that case, both, the might of Japan and the power of the resulting puppet Chinese regime would be turned against the Reds.

The Communists are using every means at their command to block any such eventuality as a compromise with Japan. That may be one of the reasons why their whole program for China was revised and the idea of revolution indefinitely postponed. As the matter stands now, should China win the war with Japan, it is doubtful that internal strife would be resumed. More probably the Communists would attempt to maintain the United Front, cooperating with and strengthening the liberal and leftist elements in the Kuomintang somewhat as the Communists are operating in France.

Monroe Mourns Dr. Liu

The killing of Dr. Herman C. E. Liu, late President of the University of Shanghai, was mourned in a statement issued April 11 in New York by Prof. Paul Monroe of the Columbia University, a dispatch through the *Trans-Pacific News Agency* revealed.

The statement reads: "The assassination of Herman Liu, President of the Shanghai University, announced in Friday's dispatches comes as a great shock to his many friends in the United States. This deed is another evidence both of the horrors of war and of the complete negation of all morality in present warfare. Wnat-ever the rules of organized warfare may be, this assassination is a most brutal murder. All who have known President Liu for long are familiar with his upright character. All who have had recent personal contact with Dr. Liu knew that he was an outstanding leader in opposing the Japanese aggression. We wish to assure the friends and colleagues of President Liu that all Americans who have had the privilege of knowing him admired his great courage and honesty. We deplore, beyond any expression, his untimely death. We believe that his assassination will redound to the benefit of the Chinese patriotic cause and that the evil deed will recoil upon those who had hoped to profit by his untimely death."

Yen Bloc to injure British?

Commenting on the "cunning" foreign policy of Great Britain, the *Shanghai Nippo* in an recent editorial writes:

"Great Britain is very eager to stabilize the European situation because of the instable conditions of her colonies, Great Britain is also very much worried over the situation in East Asia. The problem which worries the British statesmen most," the paper continues, "is the problem of finance. Once the Japan-China-Manchukuo Yen Bloc is organized, the British Sterling Bloc will lose its influence in the Far East. Under this situation it is not difficult to understand Britain's attempt to co-operate closely with the United States in order to isolate Japan and to interfere with the Japanese activities in China. Definite actions must have been planned by the Japanese authorities to meet this situation," concludes the Japanese paper.

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Police Halting Crime Wave in Settlement

ALTHOUGH it is generally acknowledged that Shanghai's International Settlement is one of the most intense centers, mile for mile, of criminal activity in the world, the many branches of the Shanghai Municipal Police have had little difficulty in keeping close check on the underworld community, the *China Press* said this week. That is, prior to the crime wave which slosely followed upon the footsteps of Japanese occupation of Shanghai and the subsequent unlawful influx of firearms —mostly of the Mauser military type. So well organized was the local police force that two departments of the local police body sufficed in keeping law and order. These two departments were, primarily, the men on routine sectional beats, and squads of detectives who conducted regular patrol search parties, checking block by block, and working two hours a day. These latter parties, for the better part, operated in Louza and Central Districts.

Today every possible man on the force who can be spared is working with one or another of the many departments engaged in precautionary measures. Though it is generally not realized, the Shanghai Municipal Police are still mobilized. The state of emergency which was declared on August 12 has not been lifted as far as the force is concerned, and all leave is still suspended. Besides the routine sectional beat duty and the regular detective search parties, Special Police and British Army units co-operate with the police regulars. Despite these reinforcements and the protracted state of mobilization, a high official of the S.M.P. told *The China Press* that "We could not put another man on duty if we wanted to. We have no more we can spare."

Specials Co-operate

Daily, from 6 to 8 p.m., the Specials, led by regulars, patrol along Nanking Road from Yu Ya Ching Road to The Bund. Side-streets are also taken in, and individuals searched. Also on Nanking Road, at least two or three times daily, the Red Marias of the Reserve Unit descend in their tip-and-run raids; also from Yu Ya Ching Road to The Bund. The methods of the Reserve Unit, incidentally, is not as simple and easily avoidable as most people seem to think. One Red Maria, followed by another 200 yards to the rear, crawl along Nanking Road. Simultaneously both stop, and steel-jacketed officers pour out, the two groups proceeding towards one another on both sides of the street. Side-streets are in these cases effectively covered by reinforcements of men on point duty at intersections. They search all suspicious passers-by until they meet, whereupon they return to their riot vans and start for another point.

At a minimum of four times a day, each station sends out search parties. These include uniformed and plainclothes officers, and search hotels, lodging houses, tea-houses, amusement centers and other popular hangouts of Shanghai's denizens of the underworld. Separately, squads of detectives go through the same procedure daily. In addition, patrols of Seaforth Highlanders, though not taking any part in these operations, help the police—psychologically rather than actively by patrolling Nanking Road. Their presence, it has been proved, restores confidence to the terrorized residents of the Louza and Central Districts, and has a cooling effect on the ardor with which bombs have been tossed in these sectors lately. All these activities, with the already mentioned exception of sectional beat duty and regular search patrols, are improvised to cope with the present emergency. The precautions taken in normal times have been intensified—tripled, in fact—and while the police have undoubted control over the situation, they are working abnormally to hold this control.

What with this aggravated campaign against the abnormal criminal activity, there is no doubt in the minds of police authorities that the crime wave will shatter itself against the effective police breakwater. Though it is not immediately made public, the new squads, especially those of the detectives, are making arrests constantly, seizing many and various firearms and hand-grenades.

Courtrooms Full

Hardly a day passes but what a gang of armed robbers is brought to justice before the First Special District Court. Only last week a gang of 34 armed robbers was convicted, and given a total prison sentence of 290 years, six months on the evidence the police submitted. Originally 66 were arrested by the police in connection with this gang which had terrorized many Chinese residents and which had a miniature arsenal of 11 revolvers and more than 100 rounds of ammunition, all seized by the members of the force.

Now that the days of undisciplined rushing in and out of the Settlement are over, it is not expected that contraband arms in any large quantity can be brought into the Settlement or Frenchtown. Control of this evil is still difficult, however, because of the lack of co-operation between forces within and without the foreign-administered areas. However, Shanghai's crime wave which rolled over the city with vengeance following an unnatural period of quiet during September, October and the better part of November, is becoming exhausted. More than a month ago, it began receding noticeably. But while on one hand, crime is decreasing, the activities of the police force continue unabated in the ruthless battle against desperate criminals who, if pressed, think nothing of shooting to kill for the sake of tearing from some victim a dollar or less.

Newspaper Bombed

One Chinese police constable, attached to the Central Station, and three Chinese pedestrians, one woman and two men, were wounded May 21 when an unknown man hurled a potato-masher type hand-grenade at the printing offices of the Morning Leader, a Chinese language daily newspaper, situated at 130 Ningpo Road. The premises of the paper were not damaged, the bomb hitting the side of the wall near the entrance and then bouncing to the sidewalk before exploding.

U.S. Naval Building Plans

President Roosevelt has asked Congress to appropriate U.S. $23,875,000 to begin the construction of a dozen new naval vessels, a 3,000,000-cubic-foot dirigible, and nine naval planes. Naval circles unofficially estimate that the ultimate cost of the President's request will be U.S.$115,000,000, of which two cruisers and an air-plane-carrier will absorb U.S.$22,000,000 each. The immediate building program, stated to have been drawn up by Carl Vinson, Chairman of the Naval Affairs Committee, consists of one Aircraft-carrier, two light-cruisers carrying six-inch guns, one larger seaplane tender, two small seaplane tenders, one mine-layer, a mine-sweeper, two oil tankers, two fleet tugs, a three-million cubic-feet dirigible, and several experimental torpedo boats.

Vinson said this week that he would be satisfied with an immediate appropriation for the start of construction from the Deficiency Appropriation Bill now before the sub-committee of the House. The aircraft-carrier included in the program, he declared, could not be laid down before 1939. An immediate appropriation, however, he added, would allow the preparation of specifications and materials. The start of Vinson's immediate program, exclusive of 10 torpedo-boats, would bring the list of warships under construction or awaiting construction to 93. Experts indicated that the construction of the dirigible was to test the possibility of its use as a "flying aircraft-carrier."

Japanese Use of Chinese Flags Denounced

The use of Chinese Flags by the Japanese military, as a ruse to deceive the Chinese troops, was hotly denounced by a spokesman of the Military Affairs Commission last week. The spokesman said, "The Japanese troops at Yutai (south-western Shantung), launched their recent attack on Fenghsien (north-western Kiangsu), under the banner of the Chinese "White Sun on Blue Sky" flag. The treacherous deception caused our troops to refrain from meeting the attack and they consequently suffered heavy losses. Sometime ago, the Japanese also painted the Chinese insignia on the wings of their airplanes in order to facilitate the wanton bombardment of open cities. Now, they are using our National Flag to confuse our lines. Such shameless conduct shows that the Japanese are absolutely devoid of the military spirit and exposes their flagrant disregard for the prevailing code of international warfare. Resort to such base methods is a startling revelation of the desperation of the invaders."

Japanese Deny Charge

Chinese reports from Hankow alleging that Japanese airplanes and troops were using Chinese flags and insignia were denied the following day by a spokesman for the Japanese Army. "Such reports are an attempt by the Chinese to cover up their failure to defend the Lunghai line," the spokesman said. "Japanese troops, which prize their honor, won't stoop to such actions."

Attitude on Whangpoo Dredging Criticized

"In spite of the co-operative proposals made by the Japanese naval authorities, the third Power authorities here have not sent any sincere replies regarding the commencement of dredging work in the Whangpoo River," a spokesman for the Japanese authorities declared May 12, according to local Japanese newspapers. "Such a foreign attitude is beyond the understanding of the Japanese," the spokesman was quoted as saying.

"As for the disadvantages experienced by third Powers due to their own attitude," the spokesman stated, "The Japanese authorities will not shoulder responsibility. The Whangpoo Conservancy Board, being an organ of the Nationalist Government, should of course be taken over by the 'Reformed Government.'

"There is no doubt whatever that not only the ships but all the land and equipment formerly possessed by the board, and now under the control of the Imperial Navy, are the property of the Chinese. Some time ago the Imperial Navy wanted to have the board start the dredging work on the Whangpoo by lending it such equipment now in the hands of the Japanese as would not hamper military operations. The Imperial Navy, through the Japanese Consulate, informed the Shanghai Maritime Customs authorities and third Power Consulates of this intention. This was an expression of Japanese goodwill since the Japanese realized that the dredging work would prove of benefit to third Powers."

American Writes Ode to Pantless Gunner of U.S.S. Panay

THE world knows the story of the ill-fated U.S.S. Panay, which went to a watery grave beneath a surprise attack of Japanese bombers last December, but there is a detail in the defense of the ship staged by the crew that has caught the interest of those who seek the unusual in incidents. The moving pictures of the attack and defense revealed that one member of the Panay crew dashed to his machine-gun station minus his trousers. This "pantless gunner" was Ernest Richard Mahlmann, Chief Boatswain's Mate, who hails from Long Island, New York.

Vaun Alpha Arnold, of Kansas City, Missouri, found inspiration for a poem in the lack of attire displayed by Mahlamnn as he went into action. The poem was forwarded to Secretary of Navy Swanson with the request that it be forwarded to Mahlmann. The latter, now with the Asiatic Fleet, has just received a copy of it. The poem, which is called "Ab Uno Disce Omnes," the Latin for "From one, learn, or judge all," follows:

Commend me to that noble soul,
Who, in the battle's heat,
Rushed to his post without his pants,
The bomber's dive to meet;
Who stood upon the rocking deck
In careless disattire,
With shirt-tail flaunting in the breeze,
To deal out fire for fire.
Old Glory's color deepened
As she floated o'er this son.
The man who had no time for pants
But plenty for his gun.
Come, name a million heroes,
But to me there'll never be
A finer show of nerve and grit
On any land or sea—
Then dwell upon your epics,
Should you feel an urge for chants,
Recall the sinking Panay
And the gunner minus pants.

—*Vaun Alpha Arnold.*

Japanese Admit Death of Naval Officer

Lieut.-Commander Jiro Tokui, one of the naval aces who has been missing since the Japanese naval air squadron raided Siaokan air base in Hupei province approximately 50 miles north of Hankow, in inclement weather on April 26, is now known to have crashed, the *Tokyo Nichi-Nichi* reports.

The weather on that day was so unfavorable, says the *Nichi-Nichi*, that the main body of the Japanese naval air squadron decided to stop bombing and return to its base. The units Lieut.-Commander Tokui led, however, encountered a powerful Chinese corps above Siaokan and a fierce air duel ensued. Lieut.-Commander Tokui and 2nd Lieut. Takeo Imamura who accompanied him, have never returned. The late Lieut.-Commander Tokui was born in Toyama prefecture in October, 1902, entered the naval academy in 1919, and was promoted to the rank of lieutenant-commander in 1934. He was considered an authority on overseas bombing operations and is credited with having done much toward organizing the navy's overseas raiders and training the naval airmen.

Athlete to Front

A serious gap in the ranks of Japan's star athletes was made recently when Kohei Murakoso, outstanding performer in the Berlin games, was ordered to the China front as a first class private. Murakoso, won fourth place in the 5,000 and 10,000-meter races in the Berlin Olympics, was regarded as one of the mainstays of Japan's entries in the Olympics here in 1940.

Japanese Organizing Telegraph, Telephone Company

Having occupied Chinese public utilities and factories in the war zone, the Japanese authorities are now organizing a Central China Telegraph and Telephone Company, Chinese report. It is said that this company will be inaugurated in the near future and will have control of the telephone and telegraph services and will operate a street car service in Hongkew, Chapei, Nantao and Pootung. According to the plan of the company, telephone wires in Chapei, Nantao, and Kiangwan will be installed by the end of this month and regular telephone service will be opened in these districts in June. Rails will be laid also in Chapei, Hongkew and Kiangwan in the near future.

Japan Trade on Down Grade

Japan's foreign trade during the 10 days from May 10 to 20 showed an adverse balance of Yen 13,842,000, according to the figures released this week by the Ministry of Finance. The total value of exports and imports was Yen 165,028,000. Exports amounted to Yen 75,593,000 and imports were valued at Yen 89,435,000.

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Yochow, Hunan.

May 23, 1938.
Shanghai, China.

Outstanding Events in the Sino-Japanese War

A DAY-TO-DAY SUMMARY

First six months of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts has been published in book form.

April 27.—Chinese forces launched general offensive on Japanese positions in southern Shantung; serious fighting at Szehucheng (Four Family Village) east of Taierchwang and north of Pihsien, where the Japanese are attempting to cut Lung-Hai Railway. Yunnanese troops, participating in defence of Hsuchow, are now bearing the brunt of fighting northwest of Taierchwang. Despite heavy Japanese artillery and aerial bombardment, they have held their positions firmly. Two leading Yunnanese officers, Gen. Chen Chung-shu, Division Commander, and Gen. Lung Yun-chai, Regimental Commander, were killed in action April 24.
Chinese forcs in Shansi continue to harass Japanese troops in all parts of the province. Taiyuan, Shansi capital, attacked by Chinese column.
Japanese troops reported to have withdrawn from Taming, south Hopei, toward Yingtai, on Peiping-Hankow Railway.

April 27.—Agreement on transfer of Shanghai Maritime Customs administration from the Chinese National Government to the Nanking "Reformed Government" said to have been reached between Sir Robert Leslie Craigie, British Ambassador to Tokyo, and Japanese Foreign Office, according to Domei.
Three points of the reported agreement were said to be the following:
1. Appointment of a supervising official of the Shanghai Customs within the Japanese occupied territory;
2. Remitting of all the Customs revenues in the Japanese occupied territory in North and Central China to the Shanghai Customs;
3. Approval of the Yokohama Specie Bank as the depository for Customs revenue.
Heretofore the Central Bank of China or the Hongkong-Shanghai Banking Corporation have been the depositories for Customs revenue.

April 27.—Armed clash between the British and Japanese forces narrowly averted by timely settlement of trouble caused by detention of the British, Jardine, Matheson steamer Tungwo by Japanese military at Tsungming Island for more than 24 hours. Japanese released vessel following negotiations between Japanese Consul-General S. Hidaka, and British Consul-General H. Phillips. British gunboat Cricket ordered in readiness to proceed to Tsungming to rescue vessel before settlement reached.

April 27.—Aw Boon Haw, Chinese multi-millionaire drug merchant in Singapore, popularly known as "Tiger Balm King," donated $2,000,000 for war relief in China, according to Kuo Min report.

April 27.—Chou En-lai, Chinese Communist leader at Hankow, denied rumors of plot to overthrow Government. Chou reiterated the Communist Party's sincere desire to co-operate with the Kuomintang in united front against Japanese aggression.

April 27.—Tsung Zeu-keng, assasin of Dr. Herman C. E. Liu, late Shanghai University President, admitted in Court trial that the attack on Dr. Liu on April 7 was instigated by Li Yu-pu, leader of pro-Japanese terrorist group.

April 27.—Paul Emile Naggiar, French Ambassador to China, who went to Hongkong, cancelled his projected trip to Hankow and stated he was returning to Shanghai.

April 27.—Following in the footsteps of the Chinese Nationalist Party, the Chinese Youth Party headed by Tso Shun-sheng, addresses letter to Gen. Chiang Kai-shek (Tsung Tsai of the Kuomintang), plegding support to Kuomintang.

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April 28.—Chinese forces in southern Shantung reported to have completed preparations for decisive battle with Japanese. Military situation remained unchanged despite Japanese attacks in areas north and north-east of Taierchwang. Villages east of Taierchwang reduced to ashes by severe Japanese bombardment. Sanguinary fighting also raging west and north of Tancheng. Heavy losses on both sides in Japanese offensive on Pihsien. Stand of Yunnanese troops at front commended by Hankow.
Massing of Japanese forces in Hohsien-Pengpu-Nanking triangle watched closely by Hankow; counter-measures being taken by Chinese because of fear of Japanese outflanking maneuver against Hsuchow.

April 28.—United States has not taken part in discussion on the question of Chinese Maritime Customs at Shanghai, but knew of conversations on the subject, declared U.S. Under-Secretary of State, Summer Welles.

April 28.—Sun Fo, President of Legislative Yuan, left for France after visiting in London for several weeks.

April 28.—Melvin Gibbon, American aviator, who was detained in Yokohama for 6 days, released.

April 28.—Chinese guerilla bands continue to harass Japanese troops in Yangtsze Dalter region; frequent clashes reported.

April 28.—Sir Archibald Kerr, British Ambassador, who arrived at Hongkong from Hankow denied rumors from Japanese sources that he was engaged in talks aiming at securing peace between China and Japan.

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April 29.—Eighteen out of squadron of 36 Japanese planes raiding Wuhan cities (Wuchang, Hankow and Hanyang), shot down by Chinese aircraft following severe aerial engagements, according to Reuter. Fifty Chinese pursuit planes fought against raiders. Chinese losses reported including 3 machines crashed and 4 missing.
Japanese claim "51" Chinese planes were shot down and only "2" of their machines failed to return to their base.
Whampoa near Canton, and Tsungfa, northern Kwangtung raided by Japanese aircraft yesterday (April 28).

April 29.—Severe fighting continued on 50-mile front in southern Shantung between Yihsien and Tancheng with Japanese forces pressing their attack north of Pihsien and northwest of Taierchwang. Chinese claim recapture of two strategically important hills northwest of Yihsien, which fell two days ago.
According to Chinese official reports, Chinese mobile units have captured 9 north Shantung Hsien (district) lying east of Tientsin-Pukow Railway and north of Yellow River.

April 29.—Paul Naggiar, French Ambassador to China, returned to Shanghai from visit in Hongkong.

April 29.—Foreign shipping firms in Northern China accept only Chinese national currency notes in payment of freight and passenger charges, according to report from Tientsin.

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April 30.—Tancheng, strategic city in southeast Shantung, 12 miles from Lunghai Railway, changed hands twice during past 12 hours. Chinese forces captured Tancheng yesterday afternoon, but Japanese recaptured it in counter-attack. Chinese forces are launching fresh attack on city.
Japanese pressure on Pihsien said eased as Chinese forces penetrated Japanese lines east of Taierchwang with the capture of two villages.
In west Shantung, Japanese said to have captured Nanyangchen, on shore of Nanyang Lake west of Tientsin-Pukow Railway.
On southern sector of Tsin-Pu Line, large bodies of Japanese troops are concentrated at Pengpu and Hwaiyuan, preparing for northward drive on Hsuchow in support of Japanese push in southern Shantung.

April 30.—Japanese airdrome at Wuhu, base of Japanese aerial operations in Yangtsze valley, bombed by Chinese aircraft both yesterday and today. Twenty-one Japanese planes on ground claimed to be destroyed.

April 30.—Chinese authorities at Hankow announce 21 Japanese planes were shot down during Japanese air raid on Wuhan cities yesterday.

April 30.—Two Chinese arrested for throwing two hand grenades on the Bund near Foochow Road, Shanghai. Seven persons were injured, but the object of attack, said to be high official of "Ta Tao" Government of Pootung, escaped.

April 30.—Gen. Chiang Kai-shek as Tsung Tsai (General Executive) of Kuomintang issued strongly-worded order, forbidding formation of small cliques within the Party.

April 30.—The United States led all other countries in trade with China during 1937, according to annual report of Chinese Maritime Customs.

(*Continued on page 386*)

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OUTSTANDING EVENTS IN THE SINO-JAPANESE WAR

(*Continued from page 384*)

April 30.—Vice-Admiral Koshiro Oikawa, until recently Chief of Naval Air Administration in Tokyo, arrived at Shanghai to replace Vice-Admiral K. Hasegawa as new Commander-in-Chief of Japanese China Sea Fleet and announced assumption of office. Admiral Hasegawa appointed Commandant of Yokosuka Naval Station in Japan.

April 30.—Gen. Chang Hsueh-liang, former Manchurian leader popularly known as "Young Marshal," and Gen. Chen Chi-tang, former Kwangtung military commander, appointed members of standing committee of National Defence Council. Gen. Chang has been living in retirement since the Sian Incident of December, 1936.

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May 1.—Fighting in southern Shantung between Chinese and Japanese forces reaching critical stage, as both armies maneuver for decisive battle. According to Gen. Li Tsung-jen, Chinese Commander-in-Chief in southern Shantung, some 50,000 Japanese troops at present are participating in front line fighting, with additional 40,000 men in rear as reinforcements. Japanese troops concentrated in Pengpu-Hwaiyuan area, on southern sector of Tientsin-Pukow Railway, number 10,000. These Japanese troops are commanded respectively by Generals Doihara, Itagaki and Isogai.

May 1.—Chinese forces commanded by Gen. Ma Chan-shan, operating in Suiyuan, report capture of three cities: Holin (south of Kweishui, Suiyuan capital) on April 26, Liangcheng, on April 23 and Chinshuiho on April 21.

May 1.—Chinese guerillas attacked (April 30) Japanese troops on Peiping-Hankow Railway within 40 miles of Peiping. Railway bridge at Liliho, 25 miles from Peiping, blown up by Chinese, thereby interrupting communications on the Line. Three truckloads of Japanese wounded arrived at Peiping from Liuliho front.

May 1. Two League of Nations Chinese members were killed, 3 others wounded and considerable damage done to the League sanitary stores, when Japanese planes bombed and destroyed Wuhan Isolation Hospital in Hanyang April 29, according to report sent to Geneva by Dr. R. C. Robertson, head of Central China Unit of the League's epidemic prevention commission.

May 1.—Wang Keh-min, head of the so-called "Provisional Government" at Peiping, arrived at Tokyo from Shanghai in Japanese airplane. Wang left Peiping for Shanghai April 28 and remained there for 3 days, conferring with Japanese officials. Purpose of Wang's trip said to be to appeal to Tokyo for support because Japanese military in North China, dissatisifed with him, want to dismiss him and place Gen. Chin Yun-peng, ex-Shantung warlord, at head of the northern puppet administration.

May 1.—Sir Archibald Kerr, British Ambassador to China, returned to Shanghai from Chungking where he presented credentials to Chinese Government.

May 1.—Refugees who have flocked into the interior provinces from war areas along the coast reached figure of 3,000,000 at end of March, according to Hankow report.

May 1.—Three Chinese women and 7 men were wounded, two of them seriously, when hand grenade was thrown by unknown person at 5:16 p.m. on Nanking Road near the Sun Sun Department Store (west of Kwangse Road). Object of attack unascertainable, but believed to be Japanese naval truck passing the locality at the time. Tense situation created following arrival of two trucks of Japanese troops on scene of bombing, posting sentries on both sides of the street. Japanese soldiers remained in the locality until 10.45 p.m. No arrest was made, although practically all Chinese in vicinity of the district were searched by police.

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May 2.—Chinese forces on southern Shantung front said gaining upper hand, according to Chinese military communique in Hankow. Chinese troops attacking Tancheng in three columns. Japanese suffered heavy casualties during past week in repeated attacks on Chinese positions which remained unchanged.

Military situation in Shansi, Hopei, Anhwei, Kiangsu and Chekiang reported developing in favor of the Chinese. Mountanious areas in both east and west Shansi occupied by Chinese troops. Kweishui, Suiyuan capital, being attacked from west and south. Chinese mobile units active in Hopei province, particularly in regions adjacent to Peiping-Hankow Railway and Peiping-Tientsin Railway, causing the Japanese considerable anxiety. Chochow, on the Ping-Han Line, reported occupied by Chinese units April 29, but was evacuated following arrival of Japanese reinforcements. Main body of Chinese mobile forces claimed to be within 12 miles of Peiping.

May 2.—Anglo-Japanese negotiations in Tokyo concerning Chinese Maritime Customs concluded this evening, according to Reuter report. Negotiations believed to have aimed purely at unofficial arrangements for carrying on service of foreign loans secured on the Customs during period of hostilities in China.

Domei reported Li Chien-nan had been appointed by the Nanking "Reformed Government" as "Superintendent" of Shanghai Customs.

May 2.—Executive Yuan appropraites another $300,000 for aid of war refugees in Shanghai.

May 2.—Madame Chiang Kai-shek makes appeal to democratic countries to curb "undeclared" warfare, in two articles in Birmingham Post on Japan's invasion of China.

May 2.—Vice-Admiral K. Oikawa, new Japanese Commander-in-Chief of Japanese China Sea Fleet, called on Admiral Harry Yarnell, Commander-in-Chief of U.S. Asiastic Fleet.

May 2.—Japanese Premier Prince Konoye declared Japan was pushing ahead with her China campaign and would not relax her efforts "until the Chiang Kai-shek administration had been overthrown."

Hsinking-Berlin Amity Stressed by German

Conclusion of the German-Manchukuo treaty of amity is a "demonstration before the world" of the friendship and mutual respect the two countries entertain for each other, Herr Karl Knoll, German Trade Commissioner in Hsinking, said recently in a statement to the press. Herr Knoll said he was awaiting the arrival of instructions from Berlin on the establishment of a Legation in Hsinking. Conclusion of the treaty of amity in Berlin May 12 was officially confirmed by Tsai Yun-sheng, President of the Government's Foreign Affairs Board. Formal Diplomatic relations between the two countries, he said, will open when the Governments exchange notifications of their ratification of the accord.

The treaty, he declared, will "contribute to the strengthening of the common moral and cultural ties binding Germany, Italy, Japan and Manchukuo, all of which adhere to the anti-Comintern front." Premier Gen. Chang Ching-hui also hailed the agreement, which, he said, "significantly came at a time when Manchukuo has been formally recognized by the Italian Government and the Government of Gen. Francisco Franco in Spain."

Conclusion of the treaty is proof that Germany recognizes the realities of the situation in the Far East, the Tokyo *Nichi-Nichi* said. The newspaper regards the treaty as a formal recognition of Manchukuo by the Reich. "We congratulate the new Empire," the journal said, "for its conclusion of a treaty with Germany in view of the fact that negotiations will be continued between the two countries for the conclusion of a treaty of commerce and navigation.

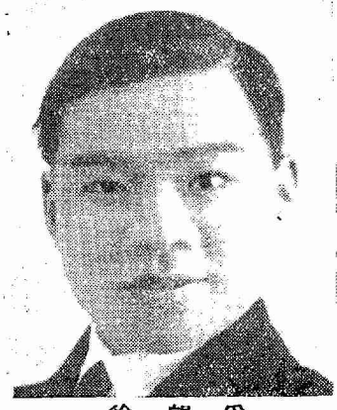
Story of Death of British Missionaries Told

The full story of the death of the two missionaries, Dr. H. G. Wyatt and Miss Glasby, at the hands of a Chinese mobile unit between Taiyuan and Taichau early in May have been revealed in Peiping following receipt of a first-hand account of the attack from Mr. and Mrs. Jasper, the survivers, who were with the party at the time of the attack. As the party were driving towards Taichau, the report says, a bullet fired from a hillside, about 80 miles from Taiyuan, entered the car and smashed the wrist of the Chinese chauffeur. The car stopped. Dr. Wyatt leaped out, tore the British flag from the car and waved it at the attackers. They continued to pour down a heavy fire, however.

Dr. Wyatt then faced the furious fusillade and ran otwards the attackers, waving the flag, but the fire increased and he returned shouting to his companions to scatter and take shelter. Miss Glasby was killed as she sat in the car. Mr. and Mrs. Jasper took refuge underneath the car. Dr. Wystt then hoisted the unconscious chauffeur onto his shoulder and ran across the bullet-swept road to take shelter in the ditch. He was shot as he fell into the ditch. Nevertheless he continued feebly waving the British flag until he died. The Chinese then came down from their positions on the hills and captured Mr. and Mrs. Jasper. As soon as they found they were British, they apologized, stating they fired on the car in the belief that it was Japanese. They did not recognize the British flag, they added. They then provided the survivors with food and mules on which they rode 80 miles through the mountains back to Taiyuan.

Who's Who in China

Hsu Wang-fu, consular official; native of Wenchow, Chekiang; born at Fu-liang, Kiangsi, 1906; graduate of the Russian Law College established by the Ministry of Foreign Affairs, Peiping, 1928; served in the Political Department of the 15th Army and Hopei Military and Political Institute; member in the Secretariat of the Ministry of Foreign Affairs, 1929; student consul, Chinese Consulate at Tchita, U.S.S.R.; promoted Vice-Consul, same Consulate, October, 1931; transferred to the Department of Asiatic Affairs, Ministry of Foreign Affairs, November, 1932 and concurrentiy instructor in Russian at the Mongolian and Tibetan School of the Central Political Institute, Nanking 1933; Vice-Consul, Chinese Consulate-General at Blagovestchensk, U.S.S.R., November, 1933; transferred as Vice-Consul, Chinese Consulate-General at Khabarovsk, U.S.S.R., July, 1936, which post he still holds; address: Chinese Consulate-General, Khabarovsk, U.S.S.R.



徐望孚
Hsu Wang-fu

Shanghai Americans Observe Foreign Trade Week

Foreign Trade Week under the sponsorship of the local American Chamber of Commerce opened May 22 with many important functions scheduled to take place during the week ending May 28. This was the third annual observance of the week dedicated to foreign trade. Simultaneously in the United States, National Foreign Trade Week was observed throughout the country under the leadership of the U.S. Chamber of Commerce, of which the local body is a member. More than 1200 chambers of commerce and trade organizations participated in the observance this year.

A special assembly at the American School heard an address by Mr. W. H. Plant, president of the local American Chamber of Commerce on Wednesday. Mr. Plant spoke on "The Importance of America's Foreign Trade." There was also a students debate on the "Open Door Policy," This year's observance of the Trade Week came to a climax on Friday when two big events took place. At noon the American University Club and the Association of University Women joined the American Chamber of Commerce as hosts to Chinese and American students who are planning to enter schools in the United States this year at a tiffin given at the American Club. More than 80 students were guests.

Mr. J. B. Powell, publisher and editor of the *China Weekly Review*, and Dr. Y. Y. Tsu of St. John's University, were speakers at the Foreign Trade dinner at the American Club Friday evening. A feature of the event was the showing of films which were rushed from washington to Shanghai by China Clipper.

Japan Would Control Production of "Anti-Poison Gas" Materials

The Japanese Government, according to the *Hochi*, will assume control on June 1 of the production of all materials concerned with defense against poison gas. The control will be lodged in the Home Office and new ministry of public welfare. Recently it was discovered that numerous individuals and companies were manufacturing, selling and advertising anti-poison gas masks and other anti-poison materials, the production of which were growing rapidly due to air-defense propaganda spread by the Government. Government officials thought some of the manufacturers were not capable of serving their "avowed purposes."

Quo Tai-chi Given High Degree by Oxford University

The Chinese Ambassador to Great Britain, Quo Tai-chi, will be given the degree of Doctor of Civil Laws by Oxford University on June 22. It will be the first time that the Degree, highest honor that the University can bestow on a non-member, has ever been given a Chinese citizen. According to the *Reuter* report, the conferring of the degree was a sign of the wide respect and friendship which Mr. Quo had won in England since his appointment as Ambassador. It also was regarded as a mark of sympathy for China in her period of trial.

In the United States Court for China

CAMILLA ABBOTT, Plaintiff,
vs.
ANDREW ABBOTT, Defendant.

Cause No. 4329
Civil No. 2208
ORDER
Filed at Shanghai, China, May 16, 1938.
William T. Collins, Clerk.

The object of this suit is an action for divorce

WHEREAS, plaintiff herein, by her attorneys, has this 16th day of May, 1938, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 16th day of May, 1938, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 16th day of May, 1938, the plaintiff herein filed an affidavit to the effect that the defendant does not now reside in China, nor has he resided therein for the past 3 years, and that defendant's last known address was c/o Mrs. C. Smith, 1233 East 12th Avenue, Emporia, Kansas, U.S.A.

NOW, THEREFORE, it is this 16th day of May, 1938, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the China Weekly Review, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause his appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 4th day of June, 1938, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

BY THE COURT:
Dated at Shanghai, China,
this 16 day of May, 1938.

MILTON J. HELMICK
Judge.

BACK ISSUES WANTED

We will pay one dollar each for copies of the following issues.

Vol.	31,	No.	4	Dec.	27,	1924
Vol.	31,	No.	11	Feb.	14,	1925
Vol.	34,	No.	4	Sept.	26,	1925
Vol.	44,	No.	9	April	28,	1928

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THE CHINA WEEKLY REVIEW
160 Avenue Edward VII
Shanghai

Men and Events

Noboru Ohtani, President of the Nippon Yusen Kaisha shipping service, has been appointed Chairman of the Board of the Japan Air Transport Company.

David Rowe, a research student from Harvard University, was married on April 1, at Tientsin, to Miss Kathryn Ingram, a teacher in the Tientsin American School.

Dr. Hu Shih, well known Chinese philosopher of Peiping, who has been in the United States for sometime, will not return to Shanghai as originally announced, according to a report in the *Sin Wan Pao* on May 20.

H. A. Morrison, Scottish Chief Engineer of the Butterfield and Swire Upper Yangtsze steamer Wanliu, died from a self-inflicted gunshet wound, on May 21 as the ship was bound for Chungking from Hankow.

Gerald L. G. Samson, British writer, who has resided in Shanghai for several months, departed last week for Hongkong. Mr. Samson is now working on the final chapters of his book "Japan Without Prejudice," which is shortly to be published in London.

Prince Iyesato Tokugawa, President of the Japanese Red Cross Society, departed on May 21 for London where he will attend the International Convention of Red Cross Societies. He was accompanied by his son Iyenasa Tokugawa, former Minister to Canada.

The Chinese National Government, voted last week to accept the invitation of the U.S. Government to participate in the Exposition scheduled to be held in New York City in 1939. The action was taken by the Executive Yuan upon the recommendation of Dr. H. H. Kung.

According to the magazine *Newsweek*, the British Government, this year, will spend the equivalent of U.S.$2,250,000 on one specialized branch of the secret service which is devoted to the detection of foreign spies. The amount represents an increase of a half million dollars over the sum spent for the same work last year.

Some 280 local Japanese youths passed the physical examinations as conscripts for the Japanese army, according to local *Domei* report. Those who received "B" rating numbered 75, while those receiving "G" rating numbered 94. Those receiving "D" rating numbered 49 and 6 who received "F" rating were exempted from service.

A *Reuter* report from Peiping on May 18 stated that the Ministry of Education of the Provisional Government had ordered the College of Agriculture and Medical College of the National University of Peiping and also the College of Arts of the same institution, to reopen at once. The schools have been closed since the Japanese occupation of Peiping.

Miss Alice Arnold, Matron of Country Hospital, Shanghai, was married on Saturday, May 21 at Holy Trinity Cathedral, to Robert Lockhart, representative of Lloyds Register of Shipping, stationed at Nagasaki, Japan. Dean A. C. S. Trivett of the Cathedral officiated, assisted by the Rev. E. J. Ottewell. They will spend their honeymoon in Japan.

Ling Kang-hou, secretary-general of the Chinese Bankers Association of Shanghai, departed last week for Geneva where he will serve as a delegate to the International Labor Conference. Mr. Ling was accompanied by Wang Tse-chen, secretary of the Federation of Chinese Manufacturers; Dr. Dai Poe-liu, writer; P. K. Chu, secretary of the World's Chinese Students Federation.

Li Chun-Yung, wealthy Chinese merchant at Singapore, Straits Settlement, has donated $100,000 worth of Chinese Liberty Bonds to the Academia Sinica for the establishment of an endowment fund for the encouragement of scientific inventions. The Ministry of Education requested the Executive Yuan to issue a Mandate of Commendation to Mr. Li in official recognition of his contribution.

Mrs. Mary Pomeroy Ford, 64 years of age and a resident of Shanghai for more than 40 years, died at her home in Shanghai on May 21. She is survived by her husband J. K. Ford and three daughters, Lana, Hannah and Joyce. She was an active member of the Endeavor Church. The funeral services were held at Bubbling Well Cemetery on May 22, the Rev. H. G. W. Hallock, officiating.

David Elias Sassoon, 73 years of age, died in his suite at the Cathay Hotel on Sunday morning, May 22. He had been in ill health for some time. He had resided in Shanghai since 1926, coming here from England. He was the youngest of four brothers, the late Sir Edward Sassoon, Sir Jacob Sassoon, and Meyer Sassoon, who were the founders of the banking firm, E. D. Sassoon Banking Company. Sir Victor Sassoon, now on a world aviation tour, is a nephew of the deceased.

Several hundred graduates and former students of St. John's University, with their families, attended a garden party on the school campus on the afternoon of June 21. The hosts were Dr. and Mrs. F. L. Hawks-Pott and Mr. and Mrs. Wm. Z. L. Sung. Mr. Sung is Vice-President of the institution. Among the alumni at the reception were Dr. W. W. Yen, former Ambassador to Moscow; Dr. Sao-ke Alfred Sze, former Ambassador to United States and Great Britain; O. S. Liu, local manufacturer; Dr. T. K. M. Siao, honorary secretary of the Alumni Council; and K. F. Chang. It was the largest social gathering of Chinese held in Shanghai since the outbreak of hostilities.

Mrs. Helen Ruby Clark, who recently arrived in Shanghai from the United States, was married on May 20 to Lt. W. B. Davidson, of the U. S. Navy. The ceremony was held at the Park Hotel with Chaplain Frank Hamilton officiating. Lt. Davidson is connected with the U. S. S. Tulsa.

Major-General Arthur Wollaston Bartholomew, Commander of British Forces in China, who has been in Shanghai for sometime, departed on May 22 for North China on an inspection trip. He will return here for a further visit prior to proceeding to Hongkong.

Marcel Verdier, who recently retired from the French Municipal Council, will return to France on July 15. Mr. Verdier arrived in China in 1922 and joined the faculty of l'Institut Franco-Chinois. The French Municipality will grant him a medal prior to his retirement.

M. Jean Fontenoy, founder and for a considerable time, managing editor of the Freneh newspaper, *Journal de Shanghai*, was awarded, jointly with another writer, first prize of 20,000 francs for the best novel published in 1937. Fontenoy's novel was entitled, "Shanghai Secret." The prize was offered by the magazine *Marianne*. The other writer honored was M. Paul Emile Victor, for his novel "Boreal." Mr. Fontenoy was also connected with *Havas* for several years.

A so-called Chinese Seamen's Association was formed in Tientsin on April 5 at a meeting of Japanese and Chinese officials. The organization will be under the control of the new "Hsin Min Hui," or People's Association and will be used for promoting cooperation between Chinese and Japanese navigation interests.

The International branch of the Y.W.C.A., Shanghai, has opened a residential club or hostel for young foreign business girls, located at No. 66 Great Western Road. The building, a former residence, has accommodations for 25 or 30 girls with living and dining rooms. The project was approved by the Joint Committee of Shanghai Women's Organizations. The Shanghai Y.W.C.A. is already operating three hostels for Chinese girls, one being for students and the others for business girls.

Chaplain Lieut. Frank R. Hamilton of the U. S. Asiaitc Fleet, will shortly depart from Shanghai for the United States where he will be connected with the U. S. Naval Academy at Annapolis. Chaplain Lieut. Roy R. Marken, now stationed at the U. S. Naval Yard at Philadelphia, will arrive in Shanghai shortly to relieve Chaplain Hamilton, who came to Shanghai in 1936. Chaplain Hamilton, who is a Congregational minister, has been one of Shanghai's most popular preachers, his congregations usually filling the Grand Theater on Sunday mornings.

Another baby "giant Panda," purchased by the Chicago Zoo, has arrived in Chungking by airplane from Chengtu. It was planned to ship the animal by plane to Hongknog and thence by steamer to the United States. This one, a female which has been named "Pandora" will replace one which died in the Chicago Zoo recently. According to a *Reuter* report from Chungking the animal was being kept in the compound of the Canadian Mission. It will be taken to the United States by Dr. R. C. Spooner of West China Union University, Chengtu.

Americans in Shanghai will observe Memorial Day with special services on Monday, May 30, at Bubbling Well Cemetery. The services will begin at 8:30 A. M. with an invocation by Dr. F. L. Hawks-Pott, followed by music provided by Mrs. A. M. Dunlap and Henry Frances Parks. Frank P. Lockhart, Consul-General, will serve as master of ceremonies and introduce Col. Charles F. B. Price, who will deliver an address. Benediction will be said by Chaplain Frank R. Hamilton. Contingents from the American Company, S. V. C. and U. S. Marine Corps will participate. There are some 90 American servicemen buried in Bubbling Well Cemetery.

The Rev. Paul Yupin, Apolostic Vicar of Nanking, who is now in Europe, spoke before the School of Political Science in Paris on May 21, his address being frequently applauded by the 200 listeners present. Present at the meeting were Mgr. de Jonghe, Apostolic Vicar of Yunnanfu and Mgr. de la Serre, Prorector of the Paris Catholic Institute. Rev. Yupin spoke on the traditional pacifism of the Chinese people, development of patriotism and national consciousness and the recent development of the New Life Movement, which, in his opinion, harmonized with many points of Christian doctrine. The meeting was held under the auspices of Association Amicale Franco-Chinese, the Association d'Etudiants Chinois, and Comite Francais d'entre-aide Universitaire Internationale.

Various Shanghai problems were discussed under the general heading of "Shanghai Mind," by some 200 delegates of Shanghai Women's organizations at a meeting on May 19, held under the auspices of the Joint Committee of Women's Organization of the American Women's Club. Talks were made by Dean A. C. S. Trivett of the Cathedral, Dr. Fanny G. Halpern, National Medical College; Dr. Agnes E. Towers, Lester Hospital; Dr. I. G. Anderson, Municipal Police Physician; Miss C. T. Chi, Industrial Department, Municipal Council; Prof. Eva D. Spicer, Ginling College; Miss M. G. Kesler, Women's Foreign Mission Society; Miss E. F. Hardman, British Women's Association; Prof. H. Pott, St. John's University; Mme. M. Darre, Russian Trade School; and Mrs. H. J. Van Hengel, International Y.W.C.A.

The Colgate-Palmolive-Peet Soap Company brought an action in the U. S. Court on Tuesday of this week for $7,060 against the Shanghai Stevedoring Company. In addition to the item $7,060 which represented the value of the soap, the company is also asking the return of $986,32 which had been advanced to the transportation agent as advance payment of fees. The Colgate-Palmolive-Peet Company was represented by Paul F. Kops of Allman, Davies and Kops while the Shanghai Stevedoring Company was represented by Dr. H. F. Nelson. According to the evidence presented in Court before Judge Milton J. Helmick, the soap company entrusted shipment of soap to the forwarding agents to be sent to Chungking, Szechuen and to Hankow. One shipment got through but the other disappeared somewhere in transit, apparently at Chinkiang, as a result of the war situation. The case attracted considerable attention due to its bearing on war losses.

Japanese Say Army to Protect Foreign Interests in War Zone

Assurances that the Japanese Army was determined to accord full protection to foreign rights and interests in the war zone were contained in a communique issued by the Military Press Section of the Imperial General Headquarters in Tokyo May 19. The statement read:

"While the utmost care is being taken for the full protection of foreign lives and property in the areas of hostilities in China, the Japanese authorities have repeatedly requested third Powers to make every effort to prevent the Chinese troops from using foreign property in their operations against the Japanese. The Imperial General Headquarters has already issued instructions to the Japanese forces operating in China to make every effort to protect foreign lives and property. It is hoped that the nationals of third Powers in China will appreciate the intentions of the Japanese authorities and voluntarily co-operate with the Japanese in preventing outbreaks of untoward incidents consequent upon the indiscriminate use of foreign property by the Chinese forces.

"In Tinghsien, western Hopei, a Salvation Army Major, or American nationality, was murdered by several Chinese on the night of April 28. An Italian missionary was murdered by Chinese Communists east of Suhsien, north of Taiyuan, on May 7. Two days earlier, four Britons, on their way from Sin-hsien to Tai-hsien, in northern Shansi, were attacked by about 50 Chinese Communists in the vicinity of Sinkowchen. Two of the Britons were reported as missing after the attack, while the other two, on their return to Taiyuan, were placed under the protection of the Japanese Army. In all of these cases, the Japanese forces assisted third Parties in recovering the bodies of the killed foreigners. It is clear that most of the cases listed here could be attributed to a premediated brutal action on the part of the Chinese, in an effort to harm the existing friendly relations between Japan and other nations.

"The Foreign Office on May 11 instructed Japanese diplomatic authorities in China on the questions of the evacuation and protection of foreign nationals in the war zone. Simultaneously, Japanese military authorities in China invited foreign authorities in that country to supply detailed information on all untoward events that have already taken place, as well as to discuss precautions to be taken to safeguard foreign lives and interests.

A Japanese Pun

Tatsuo Kawai, director of the Foreign Office Information Bureau, has been making the rounds of Government and private circles trying to dissolve the opposition opinion in regard to the Foerign Policy Ministry scheme for centralization of China policy, which has unexpectedly incurred the displeasure of various quarters. Says Mr. Kawai:

"To establish a separate central machinery for China policy when there is the Foreign Office to exercise the function properly is like getting a concubine without even divorcing the wife just because one has grown tired of his wife."

Hankow Bankers' Conference Slated June 1

An important conference of Chinese Bankers is reported to have been arranged for June 1 in Hankow. Among the topics to be discussed at the conference, will be the improvement of financial system at various places.

'38 Foreign Trade Losses Huge

The enormous extent of Shanghai's foreign trade losses during the first four months of this year is revealed in figures contained in the Shanghai Monthly Returns of Foreign Trade for April, issued by the statistical Department of the Inspectorate General of Customs. Net imports during the period from January to April this year totalled $67,098,688, a drop by more than $167,500,000 from the total of $234,575,641 for the same period in 1937. Exports also suffered severely, the total for the first four months of this year being only $21,378,410, as against the net total of $70,544,763 from January to April, 1937. Total net imports to Shanghai for April amounted to $15,314,687, while exports totaled $3,228,196.

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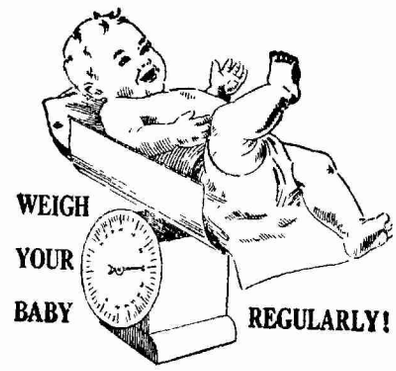

Baby's weight is a sure guide to satisfactory progress. He should gain steadily. If he loses, or fails to gain weight, you may at once suspect that all is not well with him and steps should be taken immediately to find out what is wrong. Usually failure to gain weight is due to digestive weakness; the child is not deriving sufficient nourishment from his food.

In such cases all that is needed is careful attention to his diet and an occasional dose of Baby's Own Tablets to keep his stomach clean and active and his bowels regular. Worms are sometimes the cause of loss of weight, and children who are thus troubled usually quickly show marked improvement after Baby's Own Tablets have expelled the parasites.

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New Books of Interest in the Far East

Course of Nazi and Hitler

I Knew Hitler, by Kurt G. W. Ludecke. Published by Jarrolds; agents, Kelly & Walsh, Shanghai. 716 pages, illustrated. Ch.$11.55.

Kurt Ludecke's revelations regarding the rulers of the Third Reich are without doubt the most remarkable which have ever been published for the public. There are really two stories: that of the playboy Ludecke, who finally came of age, and a depiction of the course of the Nazis and Hitler from 1922 to 1934.

After having spent his youth seeking easy money and easy women, with an unhappy interlude during the War years, when he came up against something novel-discipline, Ludecke returned to Germany in 1922, filled with the desire to aid his floundering and diseased country. He looked around in Berlin, but found no leader or cause until he came across Adolph Hitler in Munich. Hitler, a man about a year older than Ludecke, was so full of stage-presence that Ludecke became fanatical in his acceptance of reverence and belief in the magnetic personality of the leader, and forthwith began to work and struggle for the Nazi movement.

He became Hitler's agent to try to interest Mussolini, and leaders in Austria and Hungary in the Nazi movement. Then followed America, the gold mine for all movements, and he started a press bureau to advance the cause. Back in Germany in 1934, he was too outspoken in criticism of slip-shod methods, was imprisoned by Goering, released, tried to get vindication but was sent to a concentration camp by Hitler's order. After eight months of incarceration he escaped and eventually found his way back to his American wife.

Many of the author's personal experiences during his sojourn in foreign countries have no real place in a book on Hitler, and some of them are hardly credible.

On the broad canvas of the entire book, however, the reader is able to follow the gradual disillusionment of Ludecke from the time he "gave his soul" to Hitler, thinking he was the Messiah, until now, when he considers him a cold, egomaniacal opportunist. He presents Hitler, the man, with all his faults and all his virtues; his aims, aspirations and secret plans: a portrait from life. Not only is the rise of the Nazi party vividly told, but also the rise of high party leaders, living and dead. The characters of men like Rosenberg, Goering, Goebbels and Roehm are admirably delineated, and an astounding explanation of the 1934 Blood-Purge is given.

Ludecke declares that developments leading up to the bloody Saturday, the most unhappy chapter in Hitler's life, are entangled in a "hopeless snarl of lies, intrigues, contradictions." He advances the supposition that Hitler followed his characteristic policy of keeping a foot on each side, playing the radicals and masses against each other, seeking to dupe Roehm, "the sole independent revolutionary activist with a definite aim and definite power." The hundreds of men, leaders and followers who were killed on the fatal day, believes the author, were not guilty of treason but of being possible objectors to indeterminate dictatorship, which depended and still depends on propaganda and terrorism rather than on superior statesmanship. The homosexual charges against Roehm and Heines after they were murdered, were distinctly out of place, for Roehm had been quite frank for some years about his abnormality.

The writer observes that the present Nazi-State-Socialism is not German Socialism, and that the entire system is not German. "The real Nazi revolutionaries never intended that Germans should be degraded as serfs of an arbitrary Party dictatorship, surrendering body and soul to a single leader, and cringing in Asiatic servility before an un-German dictator." He says the Nazi program is an unfinished product, having made little, if any, spiritual progress since 1927. "The fraud, the inner contradiction in Hitler, is the underlying conflict with which the whole Hitler system is diseased. It is this great deception which has discredited his cause in the eyes of the world. Luck, rather than genius has saved him from wrecking the ship." Yet, says Ludecke, Hitler has achieved much toward the rehabilitation of Germany, and "tempered and mellowed now by the maturity of age, the Fuehrer may still accomplish great things."

History will decide if Ludecke's account of Hitler and the other Nazis is honest and detached. Today's reader will be fascinated by the amazing story unfolded in *I Knew Hitler*.

M. V.

Spokesman of Resurgent China

China Fights, by Hubert S. Liang. Shanghai, 1938, 59 pages.

This little book by Hubert S. Liang, one of China's ablest political commentators, is an eloquent expression of the new revolutionary nationalism born out of China's fight for independence. Mr. Liang is well qualified to speak for the united China that is the child of the present struggle. One of the best informed and best known of China's bilingual journalists, he is that rarest of all creatures in China: a man who genuinely believes in democracy and its institutions. This viewpoint is voiced in all his political writing, which during recent years has been increasingly prophetic. His interpretations are now followed with profit by many students of Chinese opinion.

A pioneer believer in the "United Front," for long an active advocate of Chinese resistance against Japanese conquest, in *China Fights* Mr. Liang gives a collection of some of his articles over the past two years which is important reading. Everyone at all interested in China should read his book for the light it throws on current events, and on the thinking of resurgent China concerning those events.

"Two years ago," Mr. Liang says, the question was whether Japan could conquer China, and his answer was, "Japan cannot conquer China unless China conquers herself" by non-resistance. His reply to the same question today is: "Japan can never conquer China because China by her struggle during the past nine months has conclusively proved that she is unconquerable."

Some readers will be struck by the fact that Mr. Liang talks mainly of the real (and very important) internal political gains of the war to China, while largely ignoring the terrific material damages inflicted on the country. All Chinese patriots nowadays are optimists and Mr. Liang's reluctance to discuss adverse results of the war along with its obvious political benefits are quite understandable. But this reviewer cannot help reminding Mr. Liang and other Chinese patriots that "an army marches on its stomach"—which in its broadest sense today means that it marches only as long as its foundations of national economy are preserved and its wounds and injuries quickly healed.

China cannot go on fighting indefinitely on new issues of unsecured paper currency alone—any more than Japan can. Unless this fact is immediately recognized and every possible means used to build new economic bases in the interior, all the political unity on earth will not save China from economic catastrophe.

No doubt Mr. Liang, who has discussed with such penetrating insight the military and political aspects of the Sino-Japanese struggle will now turn his attention to the economic aspect which after all may be *the* determining fact in this war.

EDGAR SNOW.

Amoy Trade Figures Announced

Amoy's foreign trade in March totalled $547,000. The value of Foochow's foreign trade was $315,000, and the total for Swatow during the month was $1,890,000. The total figure for all of China during March was given as $24,000,000.

"Let's Sell Gold" Campaign Launched in Japan

Emulating Italy of the Ethiopian-war era, the Treasury May 9 launched a nation-wide "Let's Sell Gold to the Government" campaign. The campaign is being actively backed by the powerful *Nichi-Nichi* chain of newspapers. Two thousand employees of the Ministry of Finance throughout Japan have already announced their readiness to sell their gold trinkets to the Government, to bolster the latter's gold reserves.

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Tokyo Police Arrest 100 for Stealing Yen 500,000 from Bodies of Dead

Japan's drive for gold to build up her depleted reserves resulted in the discovery in Tokyo, on May 8, of a curious crime—the theft of gold from ashes of bodies which have been cremated. The crime was discovered through the sale of Yen 2,400 worth of gold to a bullion dealer, by a metal dealer, who was acting as a go-between for employes of crematories.

As a result of the disclosures nearly 100 employes of six large crematories were arrested and charged with the theft of about Yen 500,000 worth of gold from ashes of the dead. A number of those arrested have confessed, according to the police report. The cremation business in Tokyo is monopolized by an organization known as Hakuzensha, but the police claimed that employes of all crematories in the Tokyo district were involved in the scandal.

Japanese "Red Scare" Exposed

Japanese military police on May 17 continued to question four Japanese youths caught in the act of stealing military telephone wire in Chapei on May 10. All of the men, the *Shanghai Mainichi* reported, were without jobs. Their names were given as Mitsutsugu, 24; Yoshizo Nakanishi, 32; Yoshio Miyazaki, 23, and Takashi Kimura, 24. The small gang, the gendarmes were said to have established, has stolen military 'phone wires on five different occasions since April. The loot, weighing 3,100 lbs. and valued at Yen 620, was disposed of at a second-hand goods shop and the proceeds were used by the men for their paramours and pretentious dinner parties. Most of the thefts, the *Mainichi* said, were committed in Chapei. The "fence", who is also under arrest, was described by the *Mainichi* as Goichi Nishio, 37, of Yuhang Road.

China May Hold German Advisers Until End of War

Chinese military circles hinted in Hankow, May 23, that German military advisers in China, recalled Saturday by Herr Adolf Hitler, might not be permitted to leave China during the remainder of the Sino-Japanese war, the *United Press* reported.

Chinese military authorities indicated they feared Herr Hitler might send the German advisers, who have trained the present Chinese Army, to Japan to advise the Japanese Army and reveal important Chinese military secrets. The generally accepted version of the German advisers' recall in Chinese circles was that Mussolini under Japanese pressure, had insisted during his recent Rome talks with Herr Hitler that Germany "quit playing both sides in the China war." Several German advisers to the Chinese Army were reported to have expressed their determination to ignore Herr Hierler's orders for the group to leave China immediately. Most of these, however, changed their minds during a meeting of the group May 22 when they were threatened with the loss of their German citizenship and confinement of their families in Nazi concentration camps, Chinese reports said.

The German Ambassador, Dr. Oscar P. Trautmann, who notified the Chinese Foreign Office of Herr Hitler's orders on Saturday, was reported to have made one protest to Berlin before carrying out his orders. Dr. Trautmann, Chinese circles said, advised Berlin that German business interests in China feared Herr Hitler's orders would have an adverse effect of German trade in China. Dr. Trautmann was reported to have been advised that as an "old official," he should know that Herr Hitler's orders were final and to be carried out without further delay.

Expressing fear that the German advisers might be sent to Japan, Chinese circles said such a precedent had been set by Mussolini who was alleged to have sent former Italian advisers from Nanchang to serve in the Japanese air force. Chinese reports said at least two of these former Italian advisers have been shot down in Japanese planes since the beginning of the war and alleged the Italians at present were being held as prisoners of war. This report lacked confirmation, however, and efforts of foreign correspondents to see the alleged Italian prisoners have failed. The recall of the German advisers who had been active in training China's Army and advising on military tactics was regarded in foreign circles here as a serious blow to China in the present war. Many circles believed, however, that new advisers would be sent by the Soviet Union to assist the Chinese in military operations against Japan.

Tokyo Daily Hails Decision on China Advisers

Withdrawal of German military advisers from China was hailed by the influential Tokyo *Nichi-Nichi* as a new demonstration of the strength of the Reich-Japanese anti-Comintern accord. Reichsfuehrer Adolf Hitler's decision, the daily said, will deprive China of one of her mainstays. Military experts were quoted by the *Nichi-Nichi* as saying that the withdrawal of German advisers will reduce the fighting capacity of the Chinese armies by 20 per cent. Official figures published two years ago, the daily said, showed that China had 164 advisers, including 80 Germans, 36 Americans, 20 Britons, six Frenchmen, three Italians, two Japanese and one Soviet Russian. Military advisers included in this group included 59 Germans, 15 Americans, and two Japanese.

The number of Soviet advisers in China, the daily pointed out, increased remarkably following the conclusion of the Sino-Soviet non-aggression pact last August. While the number of American advisers to the Chinese air force was large, here too Soviet counsellors have recently assumed a controlling position, the journal declared. With the withdrawal of German advisers, the *Nichi-Nichi* predicted, their placed will be taken by Soviet experts. Commercial and financial activities in the area under the Nationalist Government's control will, at the same time, remain in the hands of British advisers."

Poland to Recognize Hsinking

Poland will extend *de jure* recognition to Manchukuo before mid-June, *Domei* reported May 24. Culminating a series of conferences over a period of weeks, diplomatic representatives of Japan, Manchukuo and Poland here have arrived at a formula providing for the exchange of accredited envoys between Warsaw and Hsinking. Participating in the conferences, which were concluded last week, were Kensuke Horinouchi, Vice-Minister for Foreign Affairs; Yuan Chen-tuo, Manchukuo Ambassador, and M. Thaddee de Romer, Polish Minister. The first step to be taken by Warsaw and Hsinking will be an exchange of consular officials. Shortly afterwards, a treaty of amity will be negotiated. Manchukuo now enjoys recognition of Japan, El Salvador, Germany, Italy and Gen. Francisco Franco's administration in Spain.

British Deport Japanese Editor from Singapore

Tamizo Tsujimori, Japanese editor and publisher, who has resided in Singapore, Straits Settlements for 18 years, was deported early in the present month by the British authorities. Tsujimori, arrived at Kobe on May 14 and informed the *Osaka Mainichi* that he "had done nothing against the law" and claimed to be unaware of the reason for his deportation.

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World Watches Hitler in Czech Elections

THE eyes of the world this week centered on Czechoslovakia where the German Sudeten Party is holding its election and, as reports note, is not faring so well. As a result, the developments of the next few days are being watched fearfully and expectantly by political observers. The entire situation has an explosive undertone, with Central European nations poised for war should Germany who undoubtedly is fostering an insurrection among German Czechs, attempt to make a dangerous move in the direction of Czechoslovakia.

The Germans are entrenched in the richest areas of Czechoslovakia. At Aussig, Dix and Komotau are the coal resources of the country. In Joachimstal is the largest source of radium in Europe. Teplitz-Schonau had a flourishing glass industry. Machine factories, iron works, and letner goods factories are in German hands. The theaters produce German plays; the newspapers are German. Czechoslovakia is rich in its southern portion. Observers believe that Hitler aims at grabbing this area. In the past week, many events in connection with the elections have made the world uneasy. Here are some of the highlights:

Rumors of massing of Polish and Hungarian troops on Czechoslovakian frontier.

German intervention in Czechoslovakia said to be most likely unless Czech attitude modified.

Czech Government calls up one class of reservists and second-line reservists together with special units.

Killing by the Czech police of two Sudeten German farmers near the Czech-German frontier.

German press reports Czech military concentration in Sudeten German districts in Czechoslovakia and partial closing of frontier.

German population excitedly awaiting next move by Herr Hitler.

Czechs expect Germans to demand satisfaction for shooting of Germans.

Britain offers to mediate in crisis. Czechoslovakia refuses to remove troops from frontier.

The funerals of the two Sudeten Germans, Boehm and Hoffmann who were shot dead by a Czech frontier guard on May 21 were to take place in Cheb May 25, and the slightest incident may revive that critical situation of last week, "when Europe was edging to the brink of a war." Great concern is felt by politicians over Herr Konrad Henlein's claims submitted to Czech Premier Milan Hodza at their conference May 23. One demand was that the Sudetens themselves should be given the policing of Czechoslovakia's frontier where it runs along districts inhabited chiefly by Germans. The other asked that Czech garrisons be withdrawn from the Czech "Maginot Line," which runs along the Czecho-German border excepting along that part which formerly was Austria's frontier.

It is feared that Leader Henlein's acceptance of Premier Hodza's invitation to reopen negotiations took place mainly with the hope of achieving the latter objective. Observers are therefore wondering whether electoral operations of the next two Sundays will be carried out as calmly as was the first ballot.

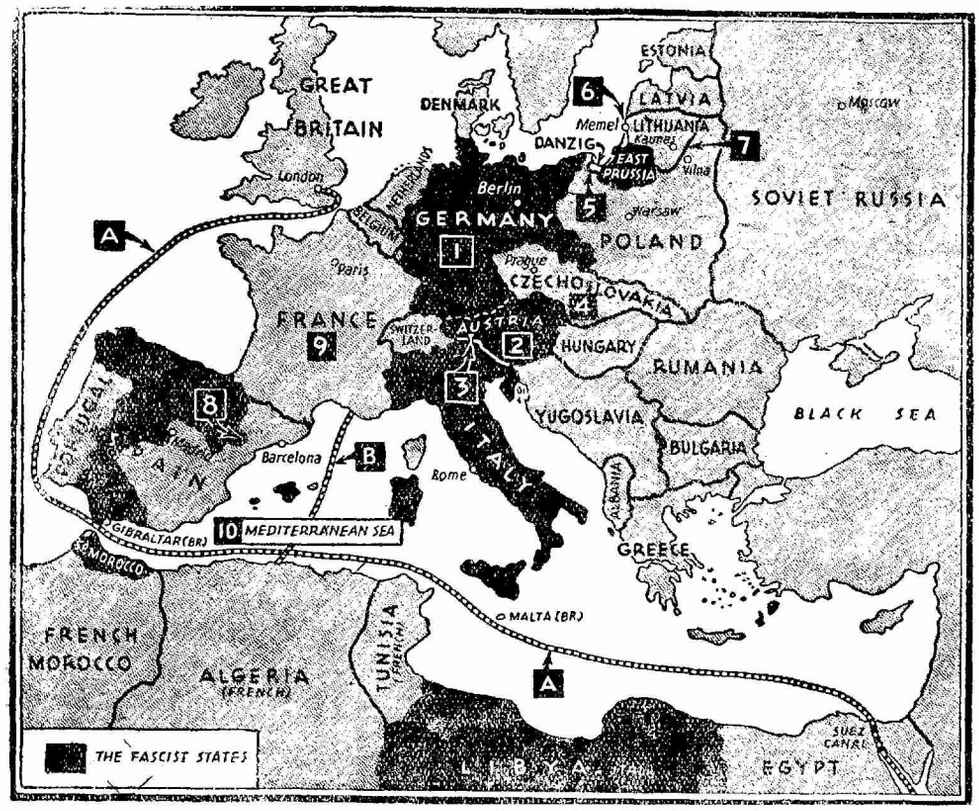
Military Measures

Furthermore, political quarters are seriously doubting the reported cancellation of German military measures along the Czech borders which question formed the subject of the first two interviews between Sir Neville Henderson, British Ambassador in Berlin, and Herr Joachim von Ribbentrop, Reich's Foreign Minister. In Government quarters the sentiment is that Britain and France must not lose a single moment in taking the fullest advantage of the present slight easing of tension over the Czech situation. In the meantime, Italy's attitude is still being closely watched, especially since the Italian Press is notably not using the arguments developed by the German Press despite the existence of an Italo-Reich Press Accord. The Italian Government apparently do not believe in the realty of danger of a European conflagration arising out of the Czech affair, it is believed here since the recent interview between Lord Perth, British Ambassador to Rome, and Count Galezazo Ciano, Italian Foreign Minister.

Ranks of Red Army Officers Said Depleted

The Soviet Army, allegedly suffering from a shortage of officers has issued a decree appointing members of the Young Communists Party as regular Army officers, according to unconfirmed reports received in Hsinkiang May 20. Two-thirds of the Soviet Army officers are siad to have been executed or imprisoned in recent purges.

WHERE DRAMATIC SCENES PILE ONE UPON THE OTHER



Courtesy New York Times and American Observer.

With Adolf Hitler as director of the drama, Germany (1), moving to the center of the European stage, has reduced Austria (2) to a province within the Reich, placed her troops of the Brenner Pass (3) on the Italian frontier, and now is turning towand Czechoslovakia (4), with its large German minority; Germany also has its eyes on Danzig (5) and Memel (6), which were separated from the Reich by the Treaty of Versailles. Uneasiness in Eastern Europe has also been increased over Polish-Lithuanian border differences (7). In Spain (8), the advance of General Franco's troops, supported by Germans and Italians, is endangering the strategic position of France (9), beset with internal difficulties; to strengthen France Britain has promised aid in the Mediterranean (10) in case of trouble; this would safeguard British communications with the East (A), as well as French communications with the French colonies in Africa (B). The picture at the right shows military activity in Kovno, capital of Lithuania.

Japanese Sell Permits in West Shanghai

All the permits issued by the Japanese in west Shanghai have been cancelled and a new permit is being issued for those who want to pass through the area. According to well-informed circles, these permits good for one month, are sold for two dollars each. As a result over 700 poor people found it impossible to come to the International Settlement on May 23.

"Ta Tao" Tax Collector Faces Extortion Charge

Facing a charge of extortion, a man, who claimed to be a tax-collector of the "Ta Tao" administration, on May 23 appeared in the First Special District Court on a writ of detention application of the Settlement police. The accused, who gave his name as Wang Seu-tsang, was arrested Sunday afternoon when he attempted to collect a "tax" of $1.20 on each head of pigs from farmers. Wang, according to the statement made by the municipal advocate, had established himself as a "tax collector" at No. 12 pontoon and was in the process of enforcing the levy when he was taken into custody by a Chinese police constable. The writ of detention was granted by the Court and the case was remanded for one week.